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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6030)

2015 ANNUAL RESULTS ANNOUNCEMENT

The Board of CITIC Securities Company Limited is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2015. This announcement, containing the main text of the 2015 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The 2015 annual report of the Company and its printed version will be published and delivered to the H shareholders of the Company and available for view on the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the website of the Company at <http://www.cs.ecitic.com> on or before 30 April 2016.

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 announcement and that there is no false representation, misleading statement contained herein or material omission from this announcement, and for which they will assume joint and several liabilities.

This announcement was considered and approved at the 2nd Meeting of the 6th Session of the Board of the Company. All Directors of the Company attended the meeting. No Director raised any objection to this announcement.

The domestic and international annual financial reports of the Company were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Hong Kong, respectively, and auditor's reports with standard unqualified audit opinions were issued accordingly.

Mr. ZHANG Youjun, head of the Company and the person-in-charge of accounting affairs, and Mr. HUANG Yonggang, the head of the Company's accounting department, warrant that the financial statements set out in this announcement are true, accurate and complete.

The Company's 2015 profit distribution proposal considered by the Board is a cash dividend of RMB5.00 for every 10 shares (tax inclusive). This proposal is subject to the approval of the general meeting of the Company.

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

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.

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

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DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“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)
“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 Company Limited
“China CITIC Bank”	China CITIC Bank Corporation Limited
“CITIC Buyout Fund”	CITIC Buyout Fund Management Co., Ltd.
“CITIC Corporation Limited”	CITIC Corporation Limited (formerly known as CITIC Limited and renamed in 2014, and currently being the wholly-owned subsidiary of CITIC Limited)
“CITIC Futures”	CITIC Futures Company Limited
“CTI Capital”	CTI Capital Management Limited
“CITIC Group”	CITIC Group Corporation (formerly known as China International Trust and Investment Corporation and CITIC Group)
“CITIC Holdings”	CITIC Holdings Limited
“CITIC Limited”	CITIC Limited (formerly known as CITIC Pacific Limited, renamed in 2014 and currently holding 100% shares of CITIC Corporation Limited)
“CITIC Pacific”	CITIC Pacific Limited (renamed as CITIC Limited in 2014)
“CITIC PE Fund”	CITIC Private Equity Funds Management Company Limited
“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.
“CITIC Securities (Zhejiang)”	CITIC Securities (Zhejiang) Co., Ltd.

“CITIC Trust”	CITIC Trust Co., Ltd.
“Company Law”	the Company Law of the People’s Republic of China
“CLSA Limited”	CLSA Limited
“Connected Transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSCL”	China Securities Co., Ltd.
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd.
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“ECT”	E-Capital Transfer Co., Ltd.
“GoldStone Fund”	CITIC GoldStone Fund Management Co., Ltd.
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Co., Ltd.
“GoldStone Investment”	GoldStone Investment Co., Ltd.
“GoldStone ZeXin”	GoldStone ZeXin Investment Management Co., Ltd.
“Group”	CITIC Securities Company Limited and its subsidiaries
“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
“HKEx”	Hong Kong Exchanges and Clearing Limited
“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 Stock Exchange of Hong Kong Limited (stock code: 6030)
“Jindingxin Microfinance”	Qingdao Jindingxin Microfinance Company Limited
“Kington Securities”	Kington Securities Limited Liability Company
“KVB Kunlun Financial”	KVB Kunlun Financial Group Limited
“MOF”	the Ministry of Finance of the People’s Republic of China
“NSSF”	the National Social Security Fund

“PwC”	PricewaterhouseCoopers Zhong Tian LLP, PricewaterhouseCoopers
“PwC Hong Kong”	PricewaterhouseCoopers
“PwC Zhong Tian”	PricewaterhouseCoopers Zhong Tian LLP
“Qianhai Equity Exchange”	Qianhai Equity Exchange (Shenzhen) Co., Ltd.
“Qingdao Blue Ocean Equity Exchange”	Qingdao Blue Ocean Equity Exchange Co., Ltd.
“Related Party Transaction”	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time
“SAC”	Securities Association of China
“SAIC”	the State Administration for Industry & Commerce of the People’s Republic of China
“SAM”	specified asset management
“S&P/CITIC”	S&P/CITIC Index Information Services (Beijing) Co., Ltd.
“Securities Law”	the Securities Law of the People’s Republic of China
“Senior Management”	the senior management of the Company
“SSE 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
“TAM”	targeted asset management
“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 promulgated 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 the Company's business model and the emergence of new businesses and new technologies; market risk that may arise from the fluctuating price of the securities 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 the Company's 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.

1. COMPANY INFORMATION

1.1 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	ZHANG Youjun
Authorized Representatives	YIN Ke, ZHENG Jing

Registered Capital and Net Capital

In RMB Yuan

	As at the end of the reporting period (31 December 2015)	As at the end of last year (31 December 2014)
Registered Capital	12,116,908,400.00	11,016,908,400.00
Net Capital (Parent Company)	89,415,194,540.25	44,319,246,529.28

Note: As at the disclosure date of this announcement, the total number of issued Shares of the Company was 12,116,908,400 shares, of which 9,838,580,700 Shares were A Shares and 2,278,327,700 Shares were H Shares.

Business Qualifications for Each Individual Business of the Company

According to the Business License issued by the Market Supervision Administration of Shenzhen Municipality, the business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang 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:

1. 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; 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.
2. Business qualifications approved by the SSE: SSE fixed income platform market maker; warrants trading; stock-pledged repo business; Southbound Trading Link business; financing business with respect to exercising rights 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.
3. Business qualifications approved by SAC: quoted transfer; underwriting private placement of bonds by small and medium-sized companies; OTC business; engaging in recommended businesses and brokerage business through stock transfer systems; OTC options business; and Internet-based securities business.
4. Business qualifications approved by the People's Bank of China: member of the national inter-bank lending market; commercial paper underwriting; market maker in inter-bank bond market; and open market Class A trader.
5. 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; sideline insurance agency business; the New Third Board market maker; and the qualifications for consultancy services relating to the secrets of the military industry.

1.2 Contact Person and Methods

	Secretary to the Board, Company Secretary
Name	ZHENG Jing
Contact Address	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Telephone	0086-755-2383 5383, 0086-10-6083 6030
Facsimile	0086-755-2383 5525, 0086-10-6083 6031
Email	ir@citics.com

1.3 Basic Information

Registered Address	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address	518048
Office Address	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Note: This is a postal address and is in the same building as that of the registered address of the Company. The registered address of the Company corresponds to the name of the building registered with the Shenzhen Real Estate Ownership Registration Centre)
	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address	518048, 100026
Place of Business in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website	http://www.cs.ecitic.com
Email	ir@citics.com
Telephone	0086-755-2383 5888, 0086-10-6083 8888
Facsimile	0086-755-2383 5861, 0086-10-6083 6029
Customer Service Hotline for Brokerage and Asset Management Businesses	0086-95548, 0086-4008895548
Investor Relations Hotline	0086-755-2383 5383, 0086-10-6083 6030
Business License United Social Credibility Code	914403001017814402

1.4 Information Disclosure and Availability Places

Newspapers designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
Websites for information disclosure	Website designated by the CSRC: http://www.sse.com.cn (website of the SSE) Website designated by the Hong Kong Stock Exchange: http://www.hkexnews.hk (HKExnews website of HKEx)
Place where Annual Reports of the Company are available	16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province 10/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

1.5 Summary Information of the Shares of the Company

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code
A Shares	SSE	CITIC Securities	600030
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030

1.6 Other Information of the Company

1.6.1 History of the Company

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 offering 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 Shares, and completed a capitalization issue of 10 bonus Shares for every 10 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 Shares, and completed a capitalization issue of 5 bonus Shares for every 10 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.

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.

On 23 June 2015, upon the listing and trading on the Hong Kong Stock Exchange of the 1,100,000,000 H Shares issued by the Company to 10 investors, including Kuwait Investment Authority, by private placement at the price of HK\$24.60 per Share, the total number of issued Shares of the Company increased from 11,016,908,400 to 12,116,908,400, of which 9,838,580,700 Shares were A Shares and 2,278,327,700 Shares were H Shares. Following completion of the issuance, the direct shareholding of CITIC Corporation Limited in the total issued Shares of the Company changed to 15.59%. In February 2016, CITIC Corporation Limited increased its shareholding in the Company from 1,888,758,875 A Shares to 1,999,695,746 A Shares, and the percentage of direct shareholding increased from 15.59% to 16.50%. As at the date of this announcement, CITIC Group indirectly held a total of 2,018,602,746 A Shares in the Company, including 1,999,695,746 A Shares directly held by CITIC Corporation Limited, representing 16.66% of the total issued Shares of the Company.

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.

Changes in registration status during the reporting period:

On 3 March 2015, the Company completed the registration of changes in the business scope and filing procedures for the Articles of Association at the SAIC.

On 4 August 2015, the Company completed the entry registration procedures, registration for changes in the business scope and registered capital and filing procedures for the Articles of Association with the Guangdong Province Administration for Industry & Commerce.

On 23 September 2015, the Company completed the de-registration procedures at the Guangdong Province Administration for Industry & Commerce.

On 23 October 2015, the Company completed the registration procedures at the Market Supervision Administration of Shenzhen Municipality.

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 Information” of 2002 Annual Report of the Company for the information on the first registration of the Company.

1.6.2 Changes in the Principal Businesses

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 SAC, 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, pilot businesses of total return swap and refinancing, and consultancy services relating to the secrets of the military industry. 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 Third Board market making 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 was 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 obtained the trading permission to commence the stock options brokerage and proprietary trading business.

1.6.3 Changes of Substantial Shareholders

Since the establishment of the Company, CITIC Group or its subsidiaries has/have been the largest shareholder of the Company. Please refer to “1.6.1 History of the Company” of this results announcement.

1.6.4 The organization status of the Company

The Company currently has four principal wholly-owned subsidiaries, namely CITIC Securities (Shandong), CSI, GoldStone Investment and CITIC Securities Investment, and two principal controlling subsidiaries, namely CITIC Futures, China AMC. Please refer to “4.3.5 Analysis of the Operation and Results of Principal Subsidiaries and Non-Controlling Companies” of this results announcement for details.

1.6.5 Number and Network of Branches of the Company

As at 31 December 2015, the Company, CITIC Securities (Shandong), CITIC Futures and Kington Securities have 299 branches in Mainland China, with 259 branches for securities, operations and 40 branches for futures operations. In addition, CSI has four branches in Hong Kong. The number and network of branches are as follows:

Province, city or district	Number of branches	Province, city or district	Number of branches	Province, city or district	Number of branches
Zhejiang Province	70	Henan Province	6	Gansu Province	2
Shandong Province	61	Sichuan Province	6	Inner Mongolia Autonomous Region	2
Shanghai City	24	Tianjin City	5	Ningxia Hui Autonomous Region	2
Jiangsu Province	21	Hebei Province	5	Yunnan Province	2
Beijing City	20	Shanxi Province	3	Chongqing City	2
Guangdong Province	18	Shaanxi Province	3	Hainan Province	2
Jiangxi Province	8	Guangxi Zhuang Autonomous Region	3	Jilin Province	1
Fujian Province	8	Anhui Province	3	Xinjiang Uygur Autonomous	1
Hubei Province	8	Hunan Province	3	Guizhou Province	1
Liaoning Province	7	Heilongjiang Province	2	Hong Kong	4

1.7 Other Relevant Information

Domestic auditors engaged by the Company	PricewaterhouseCoopers Zhong Tian LLP 11/F PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai Jiang Kun, Wang Wei
International auditors engaged by the Company	PricewaterhouseCoopers Hong Kong 22/F, Prince's Building, Central, Hong Kong
Legal Advisers as to PRC Laws	Beijing Jiayuan Law Firm
Legal Advisers as to Hong Kong Laws	Linklaters
A Share Registrar	CSDCC, Shanghai Branch
H Share Registrar	36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai Computershare Hong Kong Investor Services Limited 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

1.8 Awards in 2015

1.8.1 The Company

Issued by: *Financial Times*

FT Global 500 World's Largest Companies (Ranked 7th in Financial Industry)

Issued by: *Euromoney*

Best Chinese Bond Financing House

Issued by: *Asiamoney*

Best Chinese Bond Financing House

Best Local Currency Bond Award (HSBC Panda Bond)

Best Asset-backed Securities Award (BMW Automotive Finance (China) ABS)

Best Chinese Local Equity House No.2 (Research Business for A Shares and B Shares)

Best Chinese Local Equity House No.2 (Research Business for H Shares, Red Chip and P Shares)

Best Chinese Overall Country Research No.2 (A Shares and B Shares)

Issued by: *FinanceAsia*

Best Taiwan Deal for 2015 (Acquisition of CITIC Bank International (China) Co., Ltd. by CTBC Bank, in which CITIC Securities served as the Seller's Financial Adviser)

Issued by: *New Fortune*

Best Local Investment Bank No.1

Most Innovative Investment Bank No.1

Best Investment Bank in M&A Transactions No.1

Best Investment Bank in Asset-backed Securities No.1

Best Investment Bank in Overseas Marketing Capabilities No.2

Best Investment Bank in the TMT Industry No.2

Best Financial Adviser Project (Shanghai RAAS)

Best Enterprise Bond Project No.1 (14 Poly Bond)

Best Corporate Bond Project No.3 (13 Jiangsu Xincheng)

Best Follow-on Offering No.5 (Agricultural Bank of China Follow-on Offering)

Best IPO Project No.6 (Shaanxi Coal IPO)

Best Follow-on Offering No.7 (Bank of China Follow-on Offering)

Issued by: *Securities Times*
All-China Full-Service Investment Bank for 2015

Issued by: *Institutional Investor*
All-China Research Team No.11

Issued by: *China Venture*
2014 CV Awards:
Best Chinese Investment Bank in M&A Market (Domestic) Top 5
Best Chinese Investment Bank in M&A Market (Cross-border) Top 5
Best Chinese Investment Bank in IPO Market (Domestic) Top 5

Issued by: *SSE*
Excellent Underwriter of Corporate Bonds
Excellent Dealer in Bonds
Excellent Manager of Asset-backed Special Plan
Excellent Organization Award in “I am a Shareholder” for 2014

Issued by: *China Securities Investor Protection Fund Corporation*
Excellent Securities Company under Investors Survey for 2015

Issued by: *China Internet Information Center*
Most Visionary Investing Equity House on NEEQ in China for 2015

Issued by: *The Development of the Shenzhen Municipal Government Financial Services Office*
Shenzhen Financial Innovation Award for 2015 (3rd Class) (The Overall Oversea Listing of CITIC Limited)

1.8.2 CSI

Issued by: *FinanceAsia*
Country Awards for Achievements:
Best Chinese Investment Bank in Hong Kong
Best Chinese ECM House in Hong Kong
Best Chinese Broker in Hong Kong

Issued by: *Securities Times*
2015 Most Influential Securities Investment Bank - Hong Kong Region

Issued by: *Hong Kong Council of Social Service*
“Caring Company Award” (2006/2007-2015/2016)

Issued by: *Family Council of Hong Kong*
Distinguished Family-Friendly Employers Award
Award for Innovation
Special Mention Award

Issued by: *Employees Retraining Board of Hong Kong*
Manpower Developer Award Scheme:
Manpower Developer Award (2012-2016)

Issued by: *Hong Kong Council on Smoking and Health*
Hong Kong Smoke-free Leading Company Awards

1.8.3 CLSA Limited

Corporate Financing and Capital Market Business

Issued by: *Finance Asia*
Annual Achievement Award:
Best IPO Deal (CGN Power)
Best Hong Kong Deal (HKBN)

Issued by: *The Asset Magazine*
Triple A Country Awards:
Best China Equity Deal (3sBio)
Best China Bank Capital Bond (Bank of Communications)
Best Indian QIP Deal (Indiabulls Housing Finance)

Stock Brokerage

Issued by: *Asiamoney*

Awards in Asia (excluding Japan and Australia): No.1 Most Independent Research/No.1 Best Team for Strategy/No.1 Best Team for Quantitative/Technical Analysis/No.1 Best Team for Consumer Staples/No.1 Best Team for Materials/No.1 Best Team for Software & Internet Services/No.1 Best Overall Country Research in Indonesia, The Philippines and Thailand

Sales & Trading/Execution Awards: No.1 Best Team for Sales in Asia (excluding Japan and Australia)/No.1 Best Execution in Indonesia, The Philippines and Thailand/No.1 Best Sales Trading in India, Indonesia and The Philippines

Events and Roadshows Awards: No.1 Best Events and/or Conferences in Hong Kong and Thailand/No.1 Best Roadshows and Company Visits for Indonesia, The Philippines and Thailand

Awards in Japan: No.1 Most Independent Research Brokerage, Ranked First in the Industries: Consumer Discretionary/Consumer Staples/Industrials/Real Estate/Semiconductors & Semiconductor Equipment/Software, Internet & Services/Strategy/Technology Hardware & Equipment

Awards in Australia: No.1 Most Independent Research Brokerage, Ranked First in the Industries: Banks/Diversified Financials/Industrials/Insurance/Small Caps

1.8.4 GoldStone Investment

Issued by: *China Venture*

2015 CV Innovation Awards:

TOP 10 Most Innovative Chinese Private Equity Investment Institutions in China

TOP 10 Best Rewarded Chinese Private Equity Investment Institutions in China

TOP 3 Best Chinese Investor Relation Management Teams in the Area of Private Equity Investment in China

2015 CV Industry Awards:

TOP 10 Best High-end Manufacturing Industry Investment Institutions

TOP 10 Best High-end Manufacturing Industry Investment Cases (OmniVision)

2014 CV Annual Awards:

Top 30 Best Chinese Private Equity Investment Institutions in China

Top 10 Best Direct Investment Securities Houses in China

Top 50 Best Private Equity Investment Institutions in China

Issued by: *Zero2IPO Group*

China Equity Investment Annual Ranking for 2015:

Top 50 China Private Equity Investment Institutions

Top 50 China Private Equity Investment Institutions (Domestic)

1.8.5 CITIC Futures

Issued by: *Futures Daily*

The 8th Best Futures Operators and Best Futures Analyst Award of China:

Best Futures Company in China for 2015

Best Service Award for Financial Futures for 2015

Issued by: *Zhengzhou Commodity Exchange*

Excellent Member of Zhengzhou Commodity Exchange for 2015:

Excellent Member in Market Development

Excellent Member in Industrial Service

Excellent Member in Industrial Service for Varieties (Thermal Coal, Methyl Alcohol, PTA, Glass, White Sugar, Rapeseed Meal, Cotton and Rapeseed Oil)

1.8.6 CITIC Securities (Shandong)

Issued by: *National Committee of Chinese Financial Workers' Union*

National Model Workplace for Financial Workers

2. Financial Summary

2.1 Key Financial Data

2.1.1 Key Accounting Data

In RMB million

Items	2015	2014	Variance in comparison with last year (%)	2013
Total revenue and other income	72,924	39,525	84.50	20,279
Operating profit	26,642	14,793	80.10	6,635
Profit before income tax	27,287	15,422	76.94	6,846
Net profit attributable to owners of the parent	19,800	11,337	74.65	5,244
Net cash inflow/(outflow) from operating activities	39,533	-26,283	N/A	-22,714

Items	31 December 2015	31 December 2014	Variance in comparison with last year (%)	31 December 2013
Total assets	616,108	479,626	28.46	271,354
Total liabilities	474,371	378,495	25.33	181,952
Equity attributable to owners of the parent	139,138	99,099	40.40	87,688
Issued share capital	12,117	11,017	9.98	11,017

2.1.2 Key financial indicators

Items	2015	2014	Variance in comparison with last year (%)	2013
Basic earnings per share (RMB yuan/share)	1.71	1.03	66.02	0.48
Diluted earnings per share (RMB yuan/share)	1.71	1.03	66.02	0.48
Return on weighted average equity (%)	16.63	12.18	Increased by 4.45 percentage points	6.02

Items	31 December 2015	31 December 2014	Variance in comparison with last year (%)	31 December 2013
Net assets per share attributable to owners of the parent (RMB yuan)	11.48	9.00	27.56	7.96
Gearing ratio (%)	69.56	73.23	Decreased by 3.67 percentage points	60.47

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

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

As at 31 December 2015, the net capital of the parent company amounted to RMB89,415 million, representing a year-on-year increase of 101.75%, mainly due to the issuance subordinated bonds, non-public issuance of H Shares and increase in net profits of the company during the reporting period.

Items	31 December 2015	31 December 2014
Net capital (RMB million)	89,415	44,319
Net assets (RMB million)	116,208	78,684
Total risk capital reserves (RMB million)	13,477	7,144
Net capital/total risk capital reserves (%)	663.49	620.35
Net capital/net assets (%)	76.94	56.33
Net capital/total liabilities (%)	33.43	19.85
Net assets/total liabilities (%)	43.44	35.24
Value of proprietary equity securities and derivatives held/net capital (%)	54.29	90.73
Value of proprietary fixed income securities held/net capital (%)	120.99	186.78

Note: Each risk control index of the parent company complies with the relevant requirements of *Measures for the Risk Control Indices of Securities Companies* issued by the CSRC.

2.2 Financial Data for the Last 5 Years

2.2.1 Operating results

In RMB million

Items	2015	2014	2013	2012	2011
Total revenue and other income	72,924	39,525	20,279	13,071	26,371
Operating expenses	46,282	24,732	13,644	8,016	11,756
Share of profits and losses of associates and joint ventures	645	629	211	432	416
Profit before income tax	27,287	15,422	6,846	5,487	15,031
Net profit attributable to owners of the parent	19,800	11,337	5,244	4,237	12,576

2.2.2 Financial position

In RMB million

Items	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Issued share capital	12,117	11,017	11,017	11,017	11,017
Total equity	141,737	101,131	89,402	86,685	86,990
Equity attributable to owners of the parent	139,138	99,099	87,688	86,465	86,587
Total liabilities	474,371	378,495	181,952	81,823	61,290
Customer brokerage deposits	150,457	101,846	45,196	34,807	36,477
Total assets	616,108	479,626	271,354	168,508	148,280

2.2.3 Key financial indicators

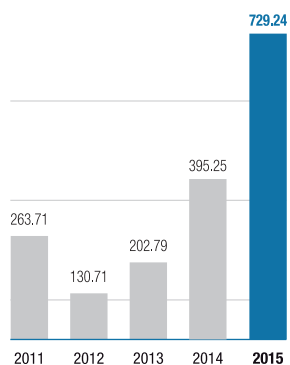
Items	2015	2014	2013	2012	2011
Dividends per share (RMB yuan)	0.50	0.28	0.15	0.30	0.43
Basic earnings per share (RMB yuan)	1.71	1.03	0.48	0.38	1.23
Diluted earnings per share (RMB yuan)	1.71	1.03	0.48	0.38	1.23
Return on weighted average equity (%)	16.63	12.18	6.02	4.90	17.00
Gearing ratio (%)	69.56	73.23	60.47	35.17	22.19

Notes:

- (1) Customer brokerage deposits represent the amount received from and repayable to clients arising from the normal courses of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit regulations.
- (2) In calculating the gearing ratio for the reporting period listed above, the amount of customer brokerage deposits has been excluded from the assets and the liabilities.

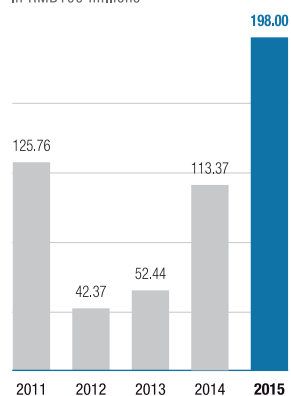
TOTAL REVENUE AND OTHER INCOME

In RMB100 millions



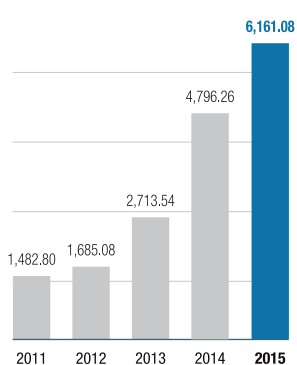
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

In RMB100 millions



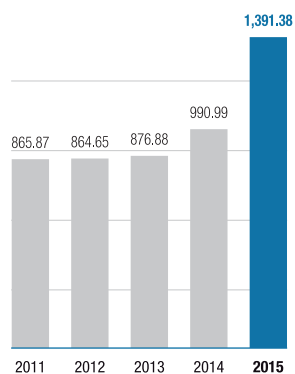
TOTAL ASSETS

In RMB100 millions

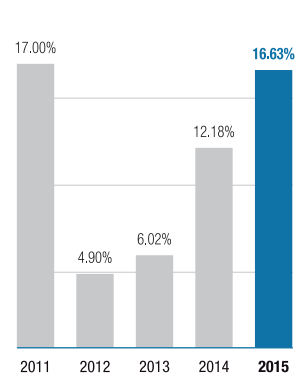


EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

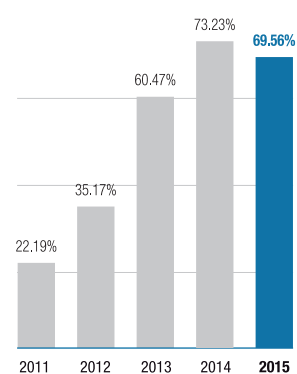
In RMB100 millions



RETURN ON WEIGHTED AVERAGE EQUITY



GEARING RATIO



3. CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2015 marks the twentieth anniversary of CITIC Securities. In 2015, the Group recorded total revenue and other income of RMB72.9 billion and net profits of RMB19.8 billion, both striking new record high.

During the past two decades, CITIC Securities has made remarkable achievements. The Group's revenue, net profits, dividends distributed to Shareholders, tax paid and social welfare donations, on an accumulative basis, amounted to RMB252.4 billion, RMB99.6 billion, RMB30.4 billion, RMB46.1 billion and RMB66.8 million, respectively. We have achieved full-product, whole-market and full-operation coverage, and have obtained business qualifications authorized by the domestic regulatory authorities for more than 60 types of business activities. We have accumulated a large number of reliable strategic clients, with over 5.4 million retail clients and 35,000 domestic corporate and institutional clients, spreading over major areas of the national economy. We have established a market-oriented management mechanism and implemented a decision-making mechanism by the executive committee and professional committees. We have also built a competent team, currently consisting of 16,853 staff.

We owe our achievements to the fast development of China's economy, to the growth and prosperity of China's capital market, to the support from CITIC Group and our Shareholders, to the long-term trust of our customers, to the safeguards brought about by optimizing our corporate governance structure and market-oriented mechanism, and to the efforts and devotion of all our staff.

On behalf of the Company, I would like to take this opportunity to express my heartfelt gratitude to all our Shareholders, customers and investors!

Since August 2015, several staff of the Company have been requested by the public security authorities to assist in investigations or under investigations (most of them have successively returned to their work place or residences) which was the severest test faced by the Company since its establishment. The relevant investigation and inspections carried out by the relevant authorities have facilitated the Company in identifying defects and deficiencies, urged us to improve our internal management, which amounts to a comprehensive check-up on us, and is of vital importance to the sustainable and healthy development of the Company in the future. Facing the event, the Company has made proactive adjustments and, taking the opportunity, has conducted comprehensive self-inspections and business reorganization to plug the loopholes of risks and improve internal control.

At the beginning of 2016, we have put forward a new development vision of "becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world." We proposed the vision on the basis of the development over past two decades and in response to the national strategies such as "One Belt, One Road", which is our striving goal for the next one or two decades.

In 2016, we will strengthen customer management and marketing, consolidate its leading position in traditional fee-based business, further improve fund utilization efficiency, intensify promotion of the internationalization process, further enhance internal management, solidify talent strategy and foster sound corporate culture of the Company.

With assistance and support by our Shareholders, clients and staff, and with a healthier mechanism and more enhanced systems, we will definitely achieve better and faster development, and become one of the world's best investment banks, contributing to the realization of the "Chinese Dream"!

ZHANG Youjun
Chairman
23 March 2016

4. Management Discussion and Analysis

4.1 Corporate Strategy and Long-term Operation Model

4.1.1 Competition Landscape and Development Trend of the Industry

The Chinese stock market, after experiencing relatively volatile fluctuations in 2015, has entered into a long period of recovery, which has substantial impacts on the securities industry. Firstly, market trading activities have further declined with reduced turnovers. Meanwhile, impacted by internet brokers and the policy of “one person multiple accounts”, the commission rate has continued to decline, which has material impacts on the brokerage business. Secondly, the credit business has contracted with the industry leverage decreasing from the high of 3.7 times to 3 times, and problems of idle funds have emerged. Thirdly, fluctuations in asset value have widened with reduced rate of return and the number of investment targets has decreased. Fourthly, with impacted investors’ confidence, asset management and financial products sales become more difficult. Overall, searching for new businesses for capital return, optimizing interactive management of assets and liabilities and enhancing profitability will be the difficult issues facing the securities industry of China in 2016.

The relaxation of securities licensing will further intensify mixed industry competitions. At the executive meeting of State Council held in December 2015, it is proposed to study cross-licensing among securities, fund management companies and futures operating institutions, and to steadily promote qualified financial institutions to apply for securities business licenses on the premise of risk separation. Once obtaining securities business licenses, commercial banks, with their strong customer base, will inevitably have a material impact on securities companies. Internet companies, by leveraging on their advantages in internet traffic, technology and customer experience, will create pressure on securities companies, when they start to acquire securities companies. In addition, the central government has proposed to reform and improve the financial regulatory framework to adapt to the development of modern financial market, and the introduction of financial regulation reform program will have long lasting impacts on the development of the securities industry.

4.1.2 Development Strategy

China’s Thirteenth Five-year Plan has proposed “active cultivation of an open, transparent and healthy capital market” and “steady two-way opening of the capital market” etc. as development objectives. Based on the aforesaid objectives, the Company has proposed a new development vision of becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. The implementation paths are as follows:

Firstly, professional services. The Company will further improve its capacity in servicing the real economy and position itself as financing arranger, wealth manager, dealing service and liquidity provider, significant market investor and risk manager and will optimize the provision of professional services in these five roles.

Secondly, integrated operation. The Company will strengthen the cooperation of middle office and back office, establish an intensive and efficient operation system, and effectively integrate resources of finance, human, licenses, clients and network, in order to provide integrated solutions for clients.

Thirdly, international development. The Company will maximize the synergy between international and domestic markets, enhance its capacity of servicing customers worldwide and provide services in the process of “going global” of Chinese enterprises and the “bringing in” of overseas enterprises.

Fourthly, market-oriented management. The Company will further deepen its system and mechanism reforms to stimulate endogenous growth momentum. In order to become better and stronger, the Company will enhance its talent building through both internal cultivation and market recruitment.

Fifth, adhering to core values. The Company will develop a good corporate culture, and create a clean and positive business environment as a powerful guarantee for enterprise development.

4.1.3 Business plan for 2016

In 2016, the Company will strengthen customer management and marketing; enhance the leading edge of its fee-based business; further improve capital efficiency; further promote the internationalization process; further strengthen internal management, enhance the talent strategy, and create a good corporate culture.

In respect of capital allocation, the Company will continue to improve centralized capital allocation and liquidity management mechanism through the Assets and Liabilities Management Committee to effectively allocate the credit resources and liquidity resources of the Company and strengthen liquidity; to enhance the overall management of liabilities and further optimize the debt structure, reduce debt costs and improve contingency liabilities abilities; and with a view to maximizing the risk-adjusted revenue, match asset categories allocation with liabilities, in order to maintain an appropriate leverage level and improve capital efficiency.

4.1.4 Capital Requirement

In 2016, the Company will, according to business development needs, rationally arrange the size of its liabilities and maintain a reasonable and sound gearing ratio. In 2015, the Company successfully completed the issuance of one tranche of RMB corporate bonds with an issue size of RMB8 billion; the issuance of one tranche of short-term corporate bonds by securities companies with an issue size of RMB8 billion; the issuance of two tranches of RMB subordinated bonds with an aggregated issue size of RMB20 billion; the issuance of 8 short-term commercial papers with an aggregated issue size of RMB43.8 billion (which have all been repaid as at 31 December 2015); the issuance of 288 tranches of beneficiary certificates through the OTC market with an aggregated issue size of RMB47.421 billion; and through CITIC Securities Finance MTN (an indirect wholly-owned subsidiary of the Company) carried out 8 drawdowns of USD medium term notes with an aggregated issue size of USD439.68 million. The cumulative debt financing of the Company for the full year was approximately RMB130.1 billion in total, and the balance of beneficiary certificates was RMB12,786 million. The financial gearing ratio decreased to 3.3 times from 3.7 times at the beginning of the year.

4.1.5 Possible Risk Exposure

In 2016, risks that may be faced by the Company include: firstly, credit risk, with a declining economic growth rate, default cases in enterprises may occur, and with credit risk entering a centralized releasing period, the size of non-performing assets in financial institutions will climb higher with increasing pressure; secondly, exchange rate risk, increasingly impacted by the spillover effect of the monetary policies of developed countries, emerging countries including China will face a huge pressure from capital outflows with depreciation pressure for RMB; thirdly, debt market risk, with consensus on no strong stimulus and no large-scale monetary easing for reform, the degree of easing in monetary policy may be lower than expected and with the current interest rate at a historical low level, the bullish sentiment of the bond market during the past two years will be difficult to sustain. Due to policy or regulatory reasons, there may be risks arising from changes in or restrictions of the business scope of the Company. Reputation risk may arise where negative comments are made by interested or relevant parties as a result of the operation, management or other acts of the Company or external events. Overall, in 2016, due to the intertwined risks of market, credit, foreign exchange and interest rate, the Company's operating environment will face relatively significant challenges.

Please refer to "Material Risk Factors" in this results announcement.

4.2 BUSINESS OVERVIEW

Analysis of Principal Activities

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 is engaged in CAM, TAM, SAM, asset management businesses, fund management and other investment accounts management.

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

4.2.1 Investment Banking

Equity Financing

Market Conditions

Driven by factors such as easing liquidity, entry of leveraged funds into the market and increased risk appetites of investors, the first half of 2015 saw a buoyant A-share market with rapid expansion in the scale of equity financing. After mid-June, the market experienced adjustments with temporary suspension of IPOs, and the market declined rapidly before gradually stabilizing amidst volatility. In the fourth quarter, the A-share market gradually stabilized, IPOs resumed, approvals for follow-on financing and equity issuances returned to normal.

In 2015, the A-share equity financing size amounted to RMB1,654,869 million, representing a year-on-year increase of 79.58%. Among which, IPO proceeds amounted to RMB158,804 million; among follow-on financing issuances, funds raised for non-public share issuances were RMB1,273,021 million (of which, cash raised by non-public share issuances were RMB661,882 million), representing a year-on-year increase of 83.74%. Funds raised by rights issues were RMB4,094 million, representing a year-on-year decrease of 71.84%; funds raised by convertible bonds decreased by 73.83% year-on-year to RMB8,400 million; funds raised by preference shares issuance were RMB210,550 million.

In 2015, the market share of the top ten securities companies in A-share equity underwriting amounted to 48.34% (which was 57.97% in 2014).

Actions and Achievements

In response to the new development trends, the Company strengthened the industry coverage and execution of equity business, consolidated its client advantages in traditional industries, and enhanced developing clients in emerging industries and SMEs with growth potential. On the other hand, the Company continued to implement the business strategy of “full-product coverage”, strengthened its efforts in developing international businesses, and endeavored to enhance its overall competitive edge. In 2015, the Company completed a total of 64 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB177,333 million, accounting for a market share of 10.72%, ranking the first in the market in terms of both the number of lead underwriting projects and the lead underwriting amount. Among which, ten were IPOs, with an aggregate lead underwriting amount of RMB12,095 million; 54 were follow-on offering projects, with a total lead underwriting amount of RMB165,238 million.

Projects	2015		2014	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	12,095	10	6,252	4
Re-financing issuances	165,238	54	89,667	36
Total	177,333	64	95,919	40

Source: Wind Info and the Company's internal statistics

Note: When compiling the above table, completion of an IPO project is the date of online issuance date; completion of a public issuance of shares, non-public issuance of shares or preference shares issuance project is the date of the issuance results announcement; completion of a rights issue project is the share record date.

With respect to international business, in 2015, CSI completed the consolidation of the overseas investment banking business and resources with CLSA Limited to operate under the brand name of “CITIC Securities International Capital Markets”. Upon completion, there are a total of over 100 staff in overseas investment banking, further highlighting the synergy effects on the Company's business in the Asia Pacific region, and the equities and debt financing businesses have achieved long lasting substantial developments. In 2015, CSI (inclusive of CLSA Limited) participated in a total of 15 IPOs, 24 follow-on financing projects, and 19 offshore RMB bond and US dollar bond projects in the Hong Kong market. In 2015, the Company was ranked first in a number of regions in Asia (other than the mainland China and Japan markets) in terms of total equity underwriting amount, surpassing many international investment banks, and further enhancing the overseas business of the Company.

Outlook for 2016

In 2016, the Company will continue to optimize its business structure in both traditional and new economic sectors; further implement the client-centered “full-product coverage” business strategy; deepen its understanding of client needs; better serve the real economy; continue to transform from a “intermediary service provider” into an “industry service provider”; consolidate and strengthen its market leading position; further enhance the pricing and marketing capabilities in response to market changes; continue to strive for an integrated operation for its domestic and overseas investment banking business; and, through building the platform for sharing information and exchanging business opportunities among domestic and overseas project teams, effectively consolidate client and project resources to speed up the enhancement of competitiveness for international business of the Company.

Debt and Structured Financing

Market Conditions

In 2015, the overall market liquidity was high, as economic growth slowed down, deflation pressure increased and the implementation of easing monetary policy by the central bank.

In 2015, the direct debt financing market continued to show rapid growth. China's bond market recorded a total issuance size of RMB12.45 trillion (including local government bonds, and excluding treasury bonds, policy financial bonds, interbank certificates of deposit, etc.), representing a year-on-year increase of 82.5%; a total of 7,816 bonds were issued over the market, representing a year-on-year increase of 50.9%.

In accordance with the arrangement of the local government debt restructuring program, the issuance size of local government debts totaled RMB3.84 trillion in 2015. After the introduction of the stock exchange's new policy on corporate bonds, the size of corporate bonds showed explosive growth with an annual issuance size of more than RMB1 trillion. Asset securitization is still a hotspot in the market with substantial growth in the issuance size of credit ABS and corporate ABS as well as emerging underlying asset innovations. Innovative products such as supplementary capital bonds by insurance companies, perpetual medium term notes, panda bonds and interbank certificates of deposits were launched successively and became the new growth points of the market.

Actions and Achievements

In 2015, the Company completed a total of 321 lead underwriting projects relating to enterprise bonds, corporate bonds, financial bonds, medium-term notes, commercial papers and asset-backed securities, with a lead underwriting amount of RMB385,694 million, representing 3.35% (inclusive of local government bonds) of the market share. The Company ranked first in the industry in terms of both the number of issuances and the underwriting amount.

Projects	2015		2014	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	34,500	24	31,133	17
Corporate bonds	64,133	42	21,446	28
Financial bonds	147,292	53	138,208	50
Medium-term notes	50,910	62	41,889	52
Commercial papers	20,600	21	14,625	16
Asset-backed Securities	68,259	119	87,456	99
Total	385,694	321	334,757	262

While continuing to maintain the leading advantages in the traditional bond business, the Company captured the market opportunities arising from the ABS business, comprehensively planned and accelerated the promotion of product innovations as an important means to maintain its competitive strength in the market. In respect of the international business, the consolidation of the investment banking businesses of CSI and CLSA Limited has highlighted their advantages. In 2015, the Company completed a number of major equity and debt underwriting projects in both domestic and international markets, including the issuance of RMB sovereign bonds with a maturity period of three years in the Republic of Mongolia.

Outlook for 2016

In 2016, the Company will continue to increase its inputs in direct debt financing business, consolidate and enhance the competitive edge for traditional bond underwriting business under the guidance of “financial institution serving the real economy”, actively promote of the transformation of ABS and structured finance business, and enhance the evaluation and management capabilities on credit risks and issuance risks. In addition, the Company will enhance the bond business by integrating the Company’s full range of resources to better understand and provide solutions to cater the diversified needs of clients.

Besides, with the further opening up of the domestic bond market, foreign enterprises will have greater demands for debt financing in China. With the implementation of the “going global” strategy by Chinese enterprises and the promotion of RMB internationalization, domestic enterprises will also have demands for overseas debt financing. The Company will further integrate its domestic and foreign client resources to explore cross-border business opportunities, and enhance its diversified full products coverage for clients, both domestically and internationally.

Financial Advisory Services

Market Conditions

According to the Bloomberg statistics, the total value of global merger and acquisition transactions announced in 2015 reached USD4.3 trillion, representing a year-on-year increase of 26%; number of announced merger and acquisition transactions amounted to 38,644, representing a year-on-year increase of 18%. Geographically, most of the transaction value was concentrated in North America, which accounted for approximately 63% of the total value of global merger and acquisition transactions. On a sector basis, transaction value was mainly generated from three sectors, namely, consumption, finance and manufacturing industry, which in aggregate accounted for approximately 62% of the total value of the global mergers and acquisitions.

In 2015, the value of merger and acquisition transactions participated by Chinese enterprises amounted to USD646.7 billion, representing a year-on-year increase of 83%. The number of announced merger and acquisition transactions amounted to 4,069 transactions, representing a year-on-year increase of 31%. The value of merger and acquisition transactions in China accounted for 46% of that in the Asia Pacific region. Most of the transaction value was generated from the finance, communications and industry sectors, which in aggregate accounted for approximately 55% of the total value of the mergers and acquisitions in China.

Actions and Achievements

In 2015, the Company maintained the internal and external interactions of onshore and offshore mergers and acquisitions as the driving forces for development, continued to strengthen transaction matching and professional implementation capabilities, deepened its understanding of client needs, captured the business opportunities arising from state-owned enterprise reforms, industry consolidation, market-oriented mergers and acquisitions, transformation and upgrading of private enterprises and the homecoming of China concept stocks to consolidate and enhance its competitive edge in the area of onshore and offshore mergers and acquisitions.

In 2015, the Company made advanced layout and seized the hot spot in the market to complete several influential, complicated and innovative merger and acquisition transactions, thus further enhancing its market influence. According to Bloomberg’s statistics, in the global ranking for merger and acquisition transactions participated by Chinese companies, the Company was among the top three in the global ranking of financial advisors with a total transaction value of USD70 billion and 58 transactions.

Outlook for 2016

In 2016, with respect to domestic merger and acquisition market, the Company will continue to explore innovation and strive for the development of diversified merger and acquisition business, enhance industry competitiveness, closely track hot transactions such as reform of state-owned enterprises, market-oriented mergers and acquisitions and the homecoming of China concept stocks to seize potential merger and acquisition opportunities and fully leverage the value of financial advisory business. With respect to cross-border merger and acquisition market, the Company will take advantage of its accumulated experience in US stock market exit by way of privatization as well as its abundant resources of the domestic capital markets and its solid capital resources to complete projects with market influence and strive to achieve domestic and foreign integration and interaction. Meanwhile, the Company will deeply explore opportunities of projects arising from the Company's domestic strengths, take advantage of the sustained development and continuous expansion of its overseas networks, seize opportunities arising from "One Belt, One Road", to participate more extensively and deeply in cross-border merger and acquisition transactions with international influence, aiming to build its brand name and dominant position in cross-border merger and acquisition market involving Chinese enterprises.

While maintaining competitive advantages as conventional financial advisors, the Company will also make full use of its accumulated project experience and client resources to enhance its capability on flow-based services for merger and acquisition transactions, explore investment and financing business opportunities in domestic and overseas merger and acquisition transactions, and increase the added-value of its financial advisory business.

New Third Board Business

Market Conditions

The National Equities Exchange and Quotations (also known as NEEQ or The New Third Board) is positioned to provide services for innovative, start-up and growth enterprises of small and medium size, which is an important component of the multi-level capital markets in the PRC. It will play a more important role in supporting the development of the real economy by facilitating the State's innovative strategy of start-up and innovation by the mass. In November 2015, the CSRC issued Certain Opinions on Further Implementation of the National Equities Exchange and Quotations, which confirmed the independent market position of the New Third Board and the hierarchical arrangement of the New Third Board, and also indicated the direction for accelerating the improvements to the New Third Board system and service functions.

Actions and Achievements

In 2015, the Company lead sponsored a total of 100 enterprises for listing on the National Equities Exchange and Quotations system, among which, 75 enterprises were newly sponsored and listed, and the funds raised by the enterprises supervised by the Company amounted to approximately RMB4.3 billion. Meanwhile, the Company also provided market-making services for 104 listed companies in 2015, and total turnover amount for market-making activities for the full year was approximately RMB6.6 billion.

Outlook for 2016

In 2016, the Company will further improve the business management system and market development system and based on listing sponsorship, to drive the development of other relevant businesses by selecting quality enterprises, and deepening exploration of enterprise value, with a view to creating good returns.

4.2.2. Brokerage Business

Market Conditions

In 2015, the domestic secondary market recorded surging trading volume in the first half year and crashing volume in the second half year before rebound. For the whole year, the average daily turnover of stocks and funds amounted to RMB1,076.5 billion, representing a year-on-year growth of 247%. With the development of internet finance and the relaxation policy of “one person, multiple accounts”, the commission rate of the industry continued to decrease to a level of approximately 0.0512%, representing a decrease of 26% as compared to the end of 2014. As at the end of 2015, the value of securities in custody in the whole market was RMB33.63 trillion.

Actions and Achievements

In 2015, by seizing the market trend of “institution-orientation and product development” of the brokerage business, the Group continued to vigorously develop institutional clients and strengthened the building of an investment advisory system to provide clients with comprehensive financial services. In 2015, the Group recorded a total trading turnover of RMB33.8 trillion (based on the exchange members transactions) of stocks and funds on the SSE and the SZSE, representing a market share of 6.43%, ranking second in the market.

The key direction of the Group’s brokerage business is transforming into product sales and pan-asset management business. In 2015, the Company and CITIC Securities (Shandong) jointly provided agency sales services of financial products in an amount of RMB304,968 million. The Company encouraged its branches and sub-branches to put more efforts in the development and cultivation of pan-asset management clients and to enhance the efficiencies in administration, custody and brokerage service efficiencies.

The Company actively promoted the transformation of its network by positioning its branches as contact points for all businesses of the Company. The Company’s branches are gradually becoming comprehensive sales windows and service centers for various businesses of the Company. While developing its exchange based businesses, the Company is at the same time vigorously developing OTC business to achieve revenue diversification. The Company has a long term focus on building up its high-end clients. As at the end of 2015, the value of securities entrusted to the Group amounted to RMB3.9 trillion in total, ranking at the forefront among peers. The number of individual clients with an entrusted asset value of RMB1.0 million or more amounted to 120,000, increased by 78% year-on-year. In respect of institutional clients, as at the end of 2015, the number of general legal person clients reached 35,000, the number of QFII clients was 139 and the number of RQFII clients was 48, ranking at the forefront among peers in terms of the aggregated market share of QFII and RQFII clients’ trading volume. For offshore brokerage business (including brokerage of CSI, CLSA Limited and the US subsidiary of CSI), with strong growth in trading volume and market size of the stock markets in Mainland and Hong Kong in the first half of 2015, CSI achieved substantial growth in the retail brokerage and institutional brokerage business. For US brokerage business, CSI also successfully completed expansion of business lines and achieved major breakthrough. The market share of the brokerage business of CSI (inclusive of international futures and US brokerage) rose steadily, with its market ranking jumped to 44th in 2015 from 48th last year.

Outlook for 2016

In 2016, the Company will organize business and allocate resources evolving around client needs to fully enhance the market position of the brokerage business. For retail customers, the Company will give full play to the Internet platform for diversion to form online and offline linkage; strengthen the construction of the retail customer services system and contracting of investment consultants; enhance sales of retail products and drive the increase of new retail customers by selling low-risk products and portfolios. For high net worth clients, the Company will establish a high net worth customer service system by strengthening investment in research services, information services and asset allocation services to increase and enrich products. For institutional and corporate clients, the Company will integrate corporate resources and provide specialized integrated financial services to achieve diversified income.

4.2.3.Trading

Market Conditions

In 2015, the A-share market showed a general upward trend followed by drastic plunge before stabilizing with an increase trend. At the close of 31 December 2015, the CSI300 closed at 3,731.00 points, up 5.58%, the Shanghai Composite Index closed at 3,539.18 points, up 9.41%; the Shenzhen Component Index closed at 12,664.89 points, up 14.98%; the SI500 closed at 7,617.69 points, up 43.12%; and the GEM Index closed at 2,714.05 points, up 84.41%.

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 products such as structured products, total return swaps, OTC options quotation and equity-linked beneficiary certificates for institutional clients; and the Company continued to make great efforts in developing its market-making business through expanding its scale of the market-making business in ETF and the SSE 50 ETF options market 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, maintaining the market leading position. Please refer to “4.6.4 Credit Risk” about the minimum margin ratio for the Group’s clients with liability balance in equity flow-based business.

In respect of the fixed income business, the issuance size of the bond market in 2015 continued to grow, and bond yields showed a downward trend. The Company made good use of its customer resources, improved its customer service capabilities, increased its sales volume steadily, and maintained its number one ranking in the industry in terms of the total sales of interest rate products. The Company had also strengthened the cooperation among the various business segments, and strengthened market research and judgements, enhanced capacities of bond market-making service and liquidity management, increased the number of book building steadily, and the Company won the award of “Best Dealer in Bonds of the Shanghai Stock Exchange in 2015”; and it had actively promoted the investment advisory services of financial institutions such as joint-stock banks and city commercial banks to meet the wealth management demand of customers.

In 2015, regarding overseas fixed-income business, the Company fully leveraged the UK branches and networks of CLSA Limited to realize the expansion of sales platforms into the UK markets and coverage of European clients for the first time. The overseas fixed-income platform recorded an annualized yield of 11.05%, the RMB bond market making business ranked among the top three in the Hong Kong market, and ranked first among PRC brokerage firms in the US dollar bond market.

With respect to the commodities business, the Company, by adhering to the principle of “financial institution serving the real economy”, continued to strengthen its business exploration in the commodities business. The Company continued to expand the scale of precious metal trading business; it also commenced OTC swaps business on freight index, thermal coal, iron ore and copper premium etc. on the Shanghai Clearing House; commenced onshore and offshore commodities OTC option business and continued to develop the carbon emissions trading business. The Company actively expanded the spot trading related business, thereby expecting to provide commodity-linked comprehensive financial services to a wide range of domestic and foreign clients via various means.

In the first half of 2015, the financing business of the prime brokerage business developed rapidly. Adhering to the principle of prudent development, the Group was the first to take prospective strategies to lower the concentration ratio, reduce financing leverage and restrict the scales of margin financing and securities lending business. As of 31 December 2015, the balance of the Group's margin financing and securities lending business was RMB74,010 million, in which the balance of the margin financing business and the balance of securities lending business was RMB73,980 million and RMB30 million, respectively.

Item	Company	31 December 2015	31 December 2014
Balance of margin financing and securities lending (RMB million)	CITIC Securities	65,940	64,863
	CITIC Securities (Shandong)	8,070	7,263
	Total	74,010	72,126

Source: Wind Info and the Company's internal statistics

Note: In 2015, CITIC Securities completed the merger by adsorption of CITIC (Zhejiang), and the data of CITIC Securities in the table are the consolidated data of the original CITIC Securities and CITIC Securities (Zhejiang)

Proprietary Trading

In 2015, the Company proactively pushed forward the strategic transformation of its proprietary trading business. Through proactive risk management and taking risk/reward ratio as an important reference indicator for investment decision making, the Company has preliminarily developed a multi-strategy proprietary trading model, which incorporates strategies such as fundamental investment, hedging, arbitrage and quantitative investment, etc., and has achieved good results.

In 2015, for alternative investment business, despite a challenging market, the Company focused on quantitative trading and flexibly utilized various financial instruments and derivatives to actively explore investment strategies to cover the global markets and enhance trading capabilities, and achieved breakthroughs in doubling the investment income and introducing clients to do the business. At the same time, the relevant business revenue has developed from the former domestic arbitrage-based strategy as the major contributor to the current pattern of focusing on various onshore and offshore market strategies, which effectively provides a more balanced revenue source, and diversified investment risks. Currently, business or strategy commenced include: index arbitrage, domestic macroeconomic strategy, statistical arbitrage, fundamental quantification, convertible arbitrage, options strategies, portfolio hedge fund investment, global multi-strategy funds and special opportunities strategies. Strategies under preparation include global macro-strategies, global equities statistical arbitrage strategies, etc.

Outlook for 2016

In 2016, the Company will continue to put in great efforts in developing equity flow-based business and continue to diversify the structure and types of products and focus on non-linear products such as exchange traded options, OTC options and equity-linked beneficiary certificates to better meet client demands for investment, financing and risks management. It will further develop trading and other infrastructure system to improve client experience. The Company will further research and develop new trading strategies and proactively capture investment opportunities offered by the domestic and international multi-market, multi-asset categories and multi-investment to diversify sources of revenue and steadily increase investment yields. For fixed income business, the Company will enhance liquidity management to improve its abilities in trading, market-making, sale and pricing. For commodities, it will expand business scale and accelerate internationalization to consolidate its competitive edges.

In 2016, the Company will adhere to the principle of the optimum risk/reward ratio and further research and develop new trading strategies for its equity proprietary trading business to diversify revenue sources and steadily enhance the trading returns, while proactively managing risks and prudently allocating capital. The Company will further research and develop new strategies for its alternative investment business, construct a more effective trading system and capture investment opportunities emerging in various markets in order to steadily increase investment yields.

The Company will further establish a more complete compliance and risk control system for its margin financing and securities lending business, optimize the structure of fund sources and improve the active fund management. Based on the achievements in building the prime brokerage services system, the Company will focus on enhancing its quality of service and, through product innovation and service innovation, maintain its leading position in the industry.

4.2.4 Asset Management

Market Conditions

With the deepening financial reforms and changes in regulatory policies, the asset management business of securities companies is facing great opportunities as well as challenges with increasing number of market competitors, varied product structures, and diversified business operations.

Actions and Achievements

Asset Management of the Company

As of 31 December 2015, the AUM business of the Company was RMB1,071,289 million, representing an increase of RMB316,282 million compared with that at the end of 2014. Among these, the size of CAM, TAM (including those of corporate annuities and the National Social Security Fund) and SAM were RMB132,915 million, RMB914,621 million and RMB23,753 million respectively. The Company continued to maintain the first position in the total size of AUM and market share of the asset management business.

Type	AUM (RMB million)		Management fees (RMB million)	
	31 December 2015	31 December 2014	2015	2014
CAM	132,915	77,961	732.32	388.76
TAM	914,621	661,129	1,007.12	420.37
SAM	23,753	15,917	11.03	5.29
Total	1,071,289	755,007	1,750.47	814.42

Source: the Company's internal statistics

China AMC

During the reporting period, China AMC continued to uphold the four driving forces of “talents, investment research, products and sales” amid intensified competition and a complex market environment, and achieved various targets through concrete implementation actions as well as pushing forward the steady progress of various work, hence ensuring the stable operations of its business with considerable growth in AUM size, thereby maintaining its top rankings in the industry.

As at 31 December 2015, the AUM of China AMC was RMB864,371 million, representing a year-on-year increase of 88.58%, of which, the AUM of its mutual funds was RMB590,224 million, representing a year-on-year increase of 77.65%, and taking up a market share of 7%. The AUM of institutional business reached RMB274,148 million (excluding investment consultancy business, etc.), representing a year-on-year increase of 117.37%.

Outlook for 2016

In 2016, the Company's asset management business will continue to focus on the three major segments, namely, institutional business, wealth management business and innovative business to further strengthen assets and fund network construction and enhance capabilities in investment management, product innovation and integrated services. The Company will continue to adhere to comprehensive balanced development between traditional business and innovative business, internal investment management and external investment management, platform business and active management, and the integrated and balanced development of domestic business and overseas business. It will strengthen human resources training and recruitment. Attention will be paid on risk control, and founded on a stable and strengthened foundation, to proactively develop and innovate and to enhance research and resilience of asset allocation, with a view to strengthening its advantages and position in the industry.

In 2016, China AMC will continue to fully enhance its investment research capacity, promote client-oriented product innovation and operation/marketing model innovation, and grasp trends from internationalization to ensure that the AUM size and the level of its profitability continue to maintain a leading position in the industry.

4.2.5 Investment

Private Equity Investment

Market Conditions

In 2015, China's private equity market maintained a relatively high profile in terms of fundraising, investment and divestment.

According to Pedata.cn of Zero2IPO Group, there are a total of 2,249 new funds raised by China private equity institutions in 2015, which is five times the quantity of funds in 2014. In terms of fund size, a total of RMB564,954 million were raised in 2015, which is approximately 1.46 times that in 2014, despite a slightly decreased growth rate. An important reason for the substantial increase in the sizes of funds raised is that all levels of governments, major state-owned enterprises and PE institutions backed by state-owned enterprises have dominated or participated in the establishment of large scale industry funds, with focus on areas such as infrastructure construction, environmental protection, uni-health, new energy, culture and advanced manufacturing.

According to Pedata.cn of Zero2IPO Group, in 2015, there were a total of 2,845 investment cases in China's private equity market, which is 3 times the annual investment cases in 2014. Of these, 2,679 cases with disclosed investment amounts involved a total investment of RMB385,974 million, representing an increase of 16.7% over that in 2014, reflecting continued high level growth in investment size. Compared with that of 2014, as there was a remarkable growth in the number of investment cases by PE institutions in New Third Board enterprises and earlier than C round of financing, the average investment size noticeably shranked, with significant intensification of investment at earlier stages.

In 2015, there were a total of 1,878 divestment cases in China's private equity market, in which there were 954 cases of divestment through listing of the investees in the New Third Board, accounting for more than 50% of the divestments. For exit through IPO, which provides the highest return among exit methods, there were a total of 267 cases of PE funds/institution investee exits through IPO in 2015, which far exceeded the total number of exit through IPO in 2014. The IPO suspension in the second half of 2015 accelerated mergers and integrations and as a result the number of cases for PE institutions exiting through mergers and acquisitions rapidly increased, totaling 276 cases in the year.

Actions and Achievements

By fully leveraging on the Group's network and the project resources of the GoldStone Investment project team, GoldStone Investment, a wholly-owned subsidiary of the Company, focuses on the strategic investments in equities of medium to large scale enterprises in the Chinese market. GoldStone Haorui, a wholly-owned subsidiary of GoldStone Investment, is the PE investment platform for the Company's proprietary capital, and mainly invests in the areas of information technology, medical services and high-end manufacturing sectors. In 2015, GoldStone Haorui completed 33 PE investment projects with a total investment amount of RMB1.28 billion. As at 31 December 2015, GoldStone Haorui completed a total of 65 PE investment projects with cumulative investment amount of RMB2.39 billion. Of the invested projects, four projects have been restructured and injected into listed companies.

As at 31 December 2015, Qingdao GoldStone Hongxin Investment Centre (Limited Partnership), a direct investment fund established by GoldStone Investment, invested in a total of four projects with a total investment amount of RMB892 million. CITIC Buyout Fund, the management institution of a buyout fund under GoldStone Investment, is positioned as a driver of industry consolidation and an active financial investor, with focus on the selection of leading enterprises in the key industries relating to population and upgraded consumption for strategic investment, cross-border merger and acquisition and mixed ownership reform investment. The increased amount of investment in 2015 was about RMB5.8 billion, and the AUM size as of the end of 2015 exceeded RMB10 billion, with investment projects covering industries such as electronics and semiconductor, medical treatment, consumer, agriculture, finance and the Internet etc.

In 2015, GoldStone Investment continued to maintain its domestic leading position in the area of real estate finance business, achieved good results in REITs, private equity and other innovative businesses, and made strategic layout in cultural travel related real estate, pension related real estate and other business areas.

In early 2015, CITIC Suning Yunchuang Private Investment Fund, for which GoldStone Fund acts as the fund manager, had a total fund size of RMB4,395 million with investments in the relevant interests in 11 outlet properties held by Suning Commerce. In June 2015, CITIC Suning Yunchuang Private Investment Fund II, for which GoldStone Fund acts as the fund manager, was officially established with a total fund size of RMB3,265 million, and invested in the relevant interests in 14 outlet properties held by Suning Commerce. Suning Yunchuang REITs fund is the first domestic exchange-traded REITs fund investing in commercial properties in the PRC after CITIC Qihang Securities Investment Private Fund. It is engaged in assisting domestic electricity enterprises in building up an industry financing model by separation of light and heavy assets, revitalization of their stock assets and development of an innovative path for their strategic transformation by way of capital operation.

During the reporting period, GoldStone Fund established the Suning GoldStone (Tianjin) Fund Management Co., Ltd. and Pacific GoldStone (Tianjin) Fund Management Co., Ltd. respectively with each of Suning Yunshang and CITIC Pacific Limited Company. The management companies will fully leverage the real estate financing innovation capabilities of GoldStone Fund and the extensive experience in operation and management of retail industry chain infrastructure and commercial properties of Suning Yunshang and CITIC Pacific Limited Company to achieve mutual benefits and win-win cooperation.

To achieve the coverage of a full-product chain for self-owned properties, in 2015, the Company initiated the establishment of incubator funds for self-owned properties, and completed its first investment. In the future, there will be more high-quality assets reserved for REITs to maintain the leading position of the Company in the area of REITs business.

Outlook for 2016

GoldStone Investment will adhere to its hybrid investment strategy and further pursue business transformation, with dual emphasis on proprietary capital investment and client asset management, to fulfil the Company's market strategy of economies of scale and brand recognition.

GoldStone Investment will invest in proprietary funds, PE funds and buyout funds; based on the foundation set by innovative businesses of REIT funds and parent funds, it will strive to adhere to a balanced development of domestic and international business; and by following economic structural adjustments in response to changes in economic environment and in response to the "going global" and "One Belt, One Road" strategies, it will actively explore innovative investment areas and try new business models, with a view to building up comprehensive and multi-level equity investment capabilities, enlarging management scale and revenue scale to enhance the brand effect of Gold Stone and generate good returns for Shareholders.

Strategic Principal Investments

CITIC PE Fund manages two funds, namely CITIC Mianyang Sci-tech City Industrial Investment Private Equity Fund and Beijing CITIC Investment Centre (Limited Partnership). In 2015, these two funds added a total of 12 investment projects with a total investment amount of approximately RMB3.4 billion.

In 2016, CITIC PE Fund will continue to adhere to the dual investment strategies of “buyout investment and minority equity investment”. While focusing on discovering investment projects with majority control, CITIC PE Fund will at the same time continue to look for investment opportunities in minority equity in certain targeted industries. By strengthening the industry research capabilities with accumulation of resources, judgment on trends and value creation as their core, CITIC PE Fund will rely on the investment experience of its team and its resources reserves to carefully select industry leaders with core resources and technology management team for investment.

Meanwhile, CITIC PE Fund will also further deepening post-investment management, regularly follow up on performance indicators of investee enterprises and propel the development of value-added projects after investment by strengthening process management on the one hand, and on the other hand carry out dynamic studies of industries, competitors and comparable companies, conduct benchmarking analysis and learn from each other, so as to maximize the long-term value of investee enterprises.

In terms of the exit method, CITIC PE Fund will actively promote listing of enterprises, and attach great importance on mergers and acquisitions. Meanwhile, CITIC PE Fund will continue to strengthen market cap management of listed companies to enhance the value, and to increase the overall return.

4.2.6 Research Business

In 2015, the research team expanded to 33 specialized groups (with newly added research teams on New Third Board, theme studies and market researches) to realize full research coverage. During the year of 2015, a total of 7,096 research reports were released, representing a year-on-year increase of approximately 10%. The researches covered 1,021 A share listed companies, representing over 64% of the total market capitalization of the A share market. The New Third Board research team issued a total of 370 research reports covering 270 New Third Board companies. In 2015, the research department organized a total of 19 large and medium sized investor forums serving over 7,000 clients on an accumulated basis. Especially in the aftermath of the stock market turmoil, meetings held by the research department with the topics of “Sharing Economy”, “New Consumption Trends of China’s Post 90s”, “Re-balanced Allocation of Global Assets” and “2016 Conference for Capital Markets” were recognized by the market as high quality investor exchanges activities.

In 2015, the research department actively promoted the depth and breadth of cooperation with CLSA Limited, strengthened overseas research services to speed up the progress of research internationalization, and enhanced the branding of the Company’s research business and its influence overseas. In 2015, the department provided a total of more than 560 reports in English to overseas institutional investors as well as 160 global conference calls and 263 road shows for global institutional investors, 33 surveys and studies on listed companies, and 120 other services, such as commissioned topics and expert exchanges. Besides, the Company’s research business has gained historic breakthroughs in winning overseas awards. In 2015, the research department out-performed foreign competitors and was awarded by AsiaMoney as the runner-up best institute for research and coverage on A shares and B shares in the China region; it won the first best research in various industries including macro, insurance, energy industries. In the evaluation by “Institutional Investors”, the overall ranking of the Company rose from No.15 to No.11. Five researchers of the Company won 9 individual awards for the above-mentioned overseas research rankings, representing an increase of 3 individuals winning awards, and 7 additional awards.

The research department of the Company is striving to become Asia’s most influential research team in the next 3 to 5 years and the “think tank” within the Company and CITIC Group. In 2016, the research department will continue to promote synergy and cooperation with CLSA Limited, enhance the overseas research service and ranking, and maintain the market shares for mutual fund clients while strengthening support for the Company’s other business lines.

4.3 Financial Statement Analysis

4.3.1 Financial Statement Summary

Profitability analysis

In 2015, the Group continued to maintain its leading edges in the industry in respect of its various business operations and both of its revenue and net profit reached a new record.

In 2015, the Group recognized total revenue and other income of RMB72,924 million, representing a year-on-year increase of 84.50%. Net profit attributable to owners of the parent amounted to RMB19,800 million, representing a year-on-year increase of 74.65%. Basic earnings per share amounted to RMB1.71, representing a year-on-year increase of 66.02%. Return on weighted average equity was 16.63%, representing a year-on-year increase of 4.45 percentage points.

Assets structure and assets quality

Different growth rates were recorded in total assets and total liabilities. In 2015, the Group completed the non-public issuance of H Shares and the issuance of RMB-denominated subordinated bonds and corporate bonds, thus enabling the Group to increase its working capital and maintained good liquidity. During the reporting period, due to market fluctuations, the Group made corresponding provisions for impairment losses in respect of assets which had indication of impairment, enabling the Group to maintain more stable operations and high asset quality.

As at 31 December 2015, the Group's total assets amounted to RMB616,108 million, representing a year-on-year increase of RMB136,482 million or 28.46%. Excluding customer brokerage deposits, the Group's total assets amounted to RMB465,651 million, representing a year-on-year increase of RMB87,871 million or 23.26%. As at 31 December 2015, the Group's total liabilities amounted to RMB474,371 million, representing a year-on-year increase of RMB95,876 million or 25.33%. Excluding customer brokerage deposits, the Group's total liabilities amounted to RMB323,914 million, representing a year-on-year increase of RMB47,265 million or 17.08%. As at 31 December 2015, equity attributable to owners of the parent amounted to RMB139,138 million, representing a year-on-year increase of RMB40,039 million or 40.40%.

A stable asset and liability structure was maintained. As at 31 December 2015, excluding customer brokerage deposits, the Group's total assets amounted to RMB465,651 million, among which, investments, which mainly included investments in associates/joint ventures and investments in financial assets, accounted for 52.62% of the total assets; margin accounts and reverse repurchase agreements accounted for 24.12% of the total assets; cash and bank balances accounted for 14.80% of the total assets; fixed assets, constructions in progress, intangible assets, land-use rights and investment properties in aggregate accounted for 1.70% of the total assets.

As at 31 December 2015, excluding customer brokerage deposits, the Group's total liabilities amounted to RMB323,914 million with a high proportion of short-term liabilities, among which repurchase agreements were RMB127,789 million, accounting for 39.45% of the total liabilities; debt instruments issued and long-term loans were RMB70,181 million, accounting for 21.67% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instrument payables and non-current liabilities due within one year were RMB41,167 million, accounting for 12.71% 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 RMB30,705 million, accounting for 9.48% of the total liabilities; and other liabilities were RMB54,072 million in total, accounting for 16.69% of the total liabilities.

The gearing ratio of the Group slightly decreased. As at 31 December 2015, excluding customer brokerage deposits, the gearing ratio of the Group was 69.56%, representing a year-to-year decrease of 3.67 percentage points.

Cash flow status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB28,932 million in 2015, representing a year-on-year increase of RMB18,919 million, which was mainly due to a significant increase in cash inflow from operating activities year-on-year.

From a structural perspective, the net cash inflow from operating activities in 2015 was RMB39,533 million, representing a year-on-year increase of RMB65,816 million as compared to an outflow of RMB26,283 million in 2014, which was mainly attributable to the increase in cash inflows from operating activities such as interests, fees and commissions received and the repurchase agreements.

Net cash outflow from investing activities in 2015 was RMB37,910 million, representing a year-on-year increase of cash outflow of RMB37,934 million as compared to an inflow of RMB24 million in 2014, which was mainly attributable to the year-on-year increase in the net cash outflows from investment in available-for-sale financial assets.

Net cash inflow from financing activities in 2015 was RMB27,309 million, representing a year-on-year decrease of RMB8,963 million as compared to that of RMB36,272 million in 2014, which was mainly attributable to the year-on-year increase in the net cash outflows from repayment of debts of the Group during the reporting period.

In view of the above conditions, the net increase in cash flow from operating activities, cash inflow and outflow from financing activities of the Group in 2015 were higher than the same period in 2014, and as the operating results continued to grow, the capital strength, profitability, investment and solvency capabilities of the Group were also strengthened gradually.

Access to and ability of financing

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 by securities companies etc., to investors on the SSE, SZSE and to commercial banks through inter-bank market in accordance with the relevant policies and regulations.

In addition, the Company may, subject to market conditions and its own demands, 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.

To maintain a balance between liquidity and profitability, the Company held a number of fixed income products, and changes in interest rates will have direct impact on the interests received from the cash deposit held by the Company, as well as 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 subsidiaries which are incorporated outside mainland China, with the amounts invested by the Company denominated in foreign currencies. As the Company has foreign currency denominated capital and assets and has raised funds through the issuance of bonds denominated in foreign currencies by its overseas subsidiaries, changes in exchange rates and overseas market interest rate levels will have certain impacts on the Company.

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 corresponding hedging tools to mitigate the risks and the impacts of the above factors.

4.3.2 Analysis on Income Statement

Financial Highlights

In 2015, the Group accomplished a profit before income tax of RMB27,287 million, representing an increase of 76.94%. Major financial highlights of the Group are as follows:

In RMB million

Items	2015	2014
Fee and commission income	34,253	18,915
Interest income	15,621	7,851
Investment income	19,510	10,204
Other income	3,540	2,555
Operating expenses	46,282	24,732
Share of profits and losses of associates and joint ventures	645	629
Profit before income tax	27,287	15,422
Income tax expenses	6,927	3,560
Profit attributable to owners of the parent	19,800	11,337

Structure of the revenue

In 2015, the total revenue and other income of the Group amounted to RMB72,924 million, representing a year-on-year increase of 84.50%. All items of revenue were on the increase, and the structure of revenue was relatively stable. The following table sets out the composition of total revenue and other income of the Group in the past 5 years:

Items	2015	2014	2013	2012	2011
Fee and commission income	46.97%	47.86%	52.76%	54.24%	36.83%
Interest income	21.42%	19.86%	20.17%	16.62%	7.80%
Investment income	26.75%	25.82%	25.93%	27.91%	54.58%
Other income	4.86%	6.46%	1.14%	1.23%	0.79%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Fee and commission income

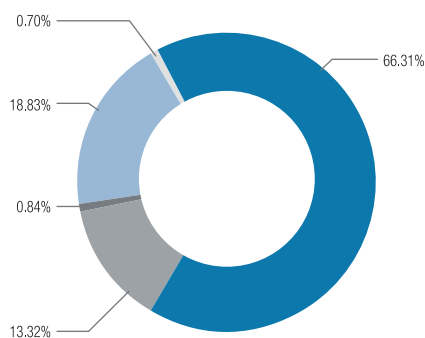
In 2015, the net fee and commission income of the Group amounted to RMB29,632 million, representing a year-on-year increase of 73.12%. Such increase was mainly attributable to a substantial increase in revenue from brokerage and asset management businesses. The breakdown of fee and commission income of the Group during 2014 and 2015 is as follows:

In RMB million

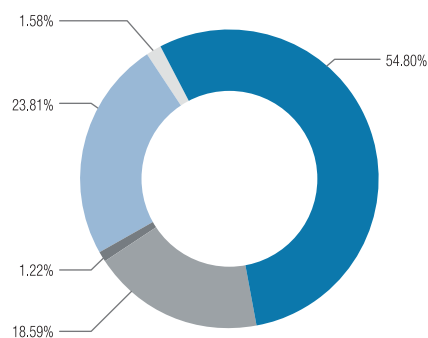
Items	2015	2014	Variance in amount	Variance in percentage
Fee and commission income				
Brokerage	22,714	10,365	12,349	119.14%
Investment banking	4,563	3,516	1,047	29.78%
Trading	287	231	56	24.24%
Asset management	6,449	4,504	1,945	43.18%
Others	240	299	-59	-19.73%
Fee and commission expenses	4,621	1,799	2,822	156.86%
Net fee and commission income	29,632	17,116	12,516	73.12%

The breakdown of fee and commission income during 2014 and 2015 were as follows:

BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2015



BREAKDOWN OF FEE AND COMMISSION INCOME FOR 2014



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

The fee and commission income from brokerage increased by RMB12,349 million, representing a growth of 119.14%. In 2015, China's A-share market was relatively more volatile with the average daily trading turnover of stocks and funds increased by 247% year-on-year.

The fee and commission income from investment banking increased by RMB1,047 million, representing an increase of 29.78%. In 2015, the parent company ranked first in the equity and debt market in terms of both the issuance quantity and underwriting amount, leading to a significant increase in the fee and commission income from the investment banking business.

The fee and commission income from trading increased by RMB56 million as compared to the previous year, mainly derived from an increase in the revenue from the financial advisory business.

The fee and commission income from asset management increased by RMB1,945 million or 43.18% compared to the previous year. As at 31 December 2015, the Parent company's AUM amounted to RMB1,071,300 million, representing an increase of RMB316,300 million as compared to the end of 2014, which continued to rank first in the industry in terms of the total size of the entrusted assets of AUM and its market share in the industry.

Interest income

In 2015, the net interest income of the Group amounted to RMB2,791 million, representing a year-on-year increase of 193.79%. The table below sets out the major composition of the net interest income during the period:

In RMB million

Items	2015	2014	Variance in amount	Variance in percentage
Interest income				
– Bank interest income	5,288	2,131	3,157	148.15%
– Interest income on margin and other financing	10,294	5,688	4,606	80.98%
– Others	39	32	7	21.88%
Interest expense				
– Accounts payable to clients	668	202	466	230.69%
– Due to banks and other financial institutions	6,341	3,791	2,550	67.26%
– Debt instruments issued and short-term financing instruments payable	4,483	2,229	2,254	101.12%
– Others	1,338	679	659	97.05%
Net interest income	2,791	950	1,841	193.79%

Bank interest income increased by RMB3,157 million or 148.15% year-on-year, mainly due to a significant increase in customer deposits and settlement deposits in the brokerage business as affected by the A-share market condition, as a result of which, the average daily balance of the monetary assets during the year increased as compared with 2014.

Interest income from margin and other financing increased by RMB4,606 million, representing a year-on-year increase of 80.98%. The significant increase was mainly attributable to the active use of leverages in the first half of 2015 and the rapid development of margin financing types of flow-based business, leading to increases in interest income.

Interest expense increased by RMB5,929 million or 85.92% year-on-year, mainly due to issuance of corporate bonds, subordinated bonds and beneficiary certificates, etc. by the Group during the reporting period, resulting in a substantial increase in interest expenses.

Investment income

In 2015, the investment income of the Group amounted to RMB19,510 million, representing a year-on-year increase of 91.20%. The table below sets out the major composition of the investment income during the period:

In RMB million

Items	2015	2014	Variance in amount	Variance in percentage
Net income from available-for-sale financial assets	6,733	3,599	3,134	87.08%
Net income from financial instruments held for trading and financial instruments designated as at fair value through profit or loss	14,859	15,606	-747	-4.79%
Others	-2,082	-9,001	6,919	N/A
Total	19,510	10,204	9,306	91.20%

Net income from available-for-sale financial assets rose by RMB3,134 million, representing a year-on-year increase of 87.08%, attributable to an increase of RMB3,549 million or 186.79% in investment income from the disposal of available-for-sale financial assets, and a decrease of RMB415 million or 24.43% 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 decreased by RMB747 million or 4.79% compared to 2014. In 2015, income arising from the holding and disposal of such instruments by the Group increased by RMB8,000 million and the gains arising from changes in the fair value decreased by RMB8,747 million.

Other investment income increased by RMB6,919 million, which was mainly attributable to fair value changes in the derivative financial instruments.

Operating expenses

In 2015, operating expenses of the Group (excluding fee and commission expenses and finance costs) amounted to RMB28,831 million, representing a year-on-year increase of RMB12,799 million or 79.83%.

The table below sets out the major composition of the operating expenses during the period:

In RMB million

Items	2015	2014	Variance in amount	Variance in percentage
Staff costs	14,798	9,463	5,335	56.38%
Depreciation	285	377	-92	-24.40%
Business tax and surcharges	2,768	1,257	1,511	120.21%
Other operating expenses and costs	8,499	4,335	4,164	96.06%
Impairment losses	2,481	600	1,881	313.50%
Total	28,831	16,032	12,799	79.83%

In 2015, staff costs of the Group recorded an increase of RMB5,335 million, representing a year-on-year increase of 56.38%, mainly due to the increase in staff remuneration.

In 2015, depreciation decreased by RMB92 million, representing a year-on-year decrease of 24.40%, mainly due to the decrease in depreciation of electronic devices.

In 2015, business tax and surcharges increased by RMB1,511 million or 120.21% year-on-year, mainly due to an increase in taxable income of the Group in 2015.

In 2015, impairment losses amounted to RMB2,481 million, representing a year-on-year increase of RMB1,881 million. The increase was mainly due to increase in impairment loss on available-for-sale financial assets. As impacted by the securities market during the second half of 2015, the Group made corresponding provisions for impairment losses for assets with indications of impairment in accordance with the accounting policy requirements.

The following table sets out the major composition of the impairment losses during the period:

In RMB million

Items	2015	2014	Variance in amount	Variance in percentage
Available-for-sale financial assets	1,625	566	1,059	187.10%
Goodwill	383	—	383	100.00%
Others	473	34	439	1,291.18%
Total	2,481	600	1,881	313.50%

4.3.3 Analysis on Financial Position

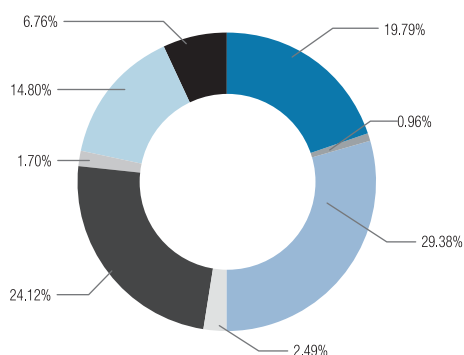
As at 31 December 2015, the total assets of the Group were RMB616,108 million, representing a year-on-year increase of 28.46%. Excluding the effect of the customer brokerage deposits, the total assets of the Group amounted to RMB465,651 million as at 31 December 2015, representing a year-on-year increase of 23.26%. Major changes in the total assets of the Group were as follows:

In RMB million

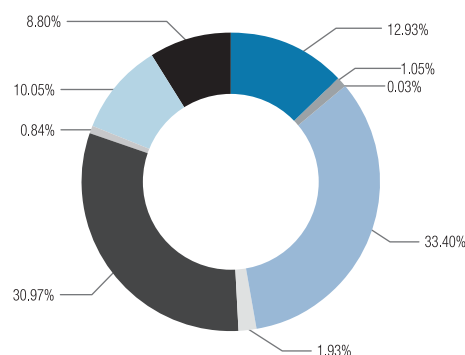
Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Available-for-sale financial assets	92,135	48,836	43,299	88.66%
Investments in associates/joint ventures	4,484	3,962	522	13.18%
Held-to-maturity investments	—	143	-143	-100.00%
Financial assets held for trading and financial assets designated as at fair value through profit or loss	136,792	126,185	10,607	8.41%
Derivative financial assets	11,595	7,282	4,313	59.23%
Margin accounts and reverse repurchase agreements	112,294	116,998	-4,704	-4.02%
Properties, intangible assets and land-use rights	7,912	3,183	4,729	148.57%
Cash and bank balances	68,907	37,967	30,940	81.49%
Others	31,532	33,224	-1,692	-5.09%
Total	465,651	377,780	87,871	23.26%

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

ANALYSIS OF THE COMPONENTS OF THE GROUP'S ASSETS FOR 2015



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



Investment

The investment of the Group primarily comprises available-for-sale financial assets, investments in associates and joint ventures, 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 2015, the total investments of the Group were RMB245,006 million, representing a year-on-year increase of RMB58,598 million or 31.44%. Its total external investments accounted for 52.62% of the total assets, representing a year-on-year increase of 3.28 percentage points.

The following table sets out, as at the dates indicated, the investments of the Group and its percentage to the total assets by category:

In RMB million

Items	31 December 2015		31 December 2014	
	Amount	Percentage to total assets	Amount	Percentage to total assets
Available-for-sale financial assets	92,135	19.79%	48,836	12.93%
Investments in associates/joint ventures	4,484	0.96%	3,962	1.05%
Held-to-maturity investments	—	—	143	0.03%
Financial assets held for trading and financial assets designated as at fair value through profit or loss	136,792	29.38%	126,185	33.40%
Derivative financial assets	11,595	2.49%	7,282	1.93%
Total	<u>245,006</u>	<u>52.62%</u>	<u>186,408</u>	<u>49.34%</u>

Available-for-sale financial assets

As at 31 December 2015, available-for-sale financial assets of the Group increased by RMB43,299 million on a year-on-year basis, representing an increase of 88.66% and accounting for 19.79% of the total assets of the Group, which was mainly due to the Company's investments with total cost of investment at RMB21,109 million in the segregated accounts set up by China Securities Finance Corporation Limited for unified operation in July and September 2015. The following table sets forth the components of the available-for-sale financial assets portfolio of the Group:

In RMB million

Items	31 December 2015		31 December 2014	
	Amount	Percentage to available-for-sale financial assets	Amount	Percentage to available-for-sale financial assets
Debt securities	33,149	35.98%	10,847	22.21%
Equity investments	24,575	26.67%	21,846	44.73%
Others	34,411	37.35%	16,143	33.06%
Total	<u>92,135</u>	<u>100.00%</u>	<u>48,836</u>	<u>100.00%</u>

Investments in associates/joint ventures

In RMB million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Investments in associates	4,480	3,954	526	13.30%
Investments in joint ventures	4	8	-4	-50.00%
Total	4,484	3,962	522	13.18%

As at 31 December 2015, investments in associates and joint ventures increased by RMB522 million or 13.18% compared to the end of the previous year, mainly due to the changes in net profits in associates and joint ventures.

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

As at 31 December 2015, the Group's financial assets held for trading and financial assets designated as at fair value through profit or loss increased by RMB10,607 million on a year-on-year basis, representing an increase of 8.41%, and accounted for 29.38% of the total assets of the Group, mainly due to the significant increase in equity investments held for trading.

The following table sets forth the components of the Group's financial assets held for trading and financial assets designated at fair value through profit or loss:

In RMB million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Debt securities held for trading	66,766	64,051	2,715	4.24%
Equity investments held for trading	56,461	46,270	10,191	22.03%
Financial assets designated as at fair value through profit or loss	10,354	12,434	-2,080	-16.73%
Others	3,211	3,430	-219	-6.38%
Total	136,792	126,185	10,607	8.41%

Properties, intangible assets and land-use rights

As at 31 December 2015, properties, intangible assets and land-use rights of the Group amounted to RMB7,912 million, representing a year-on-year increase of 148.57%, which was mainly attributable to the increase in fixed assets and the purchase of land use rights. The following table sets out the properties, intangible assets and land-use rights of the Group as at the dates indicated:

In RMB million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Property, plant and equipment	3,856	1,222	2,634	215.55%
Investment properties	71	74	-3	-4.05%
Land-use rights and other intangible assets	3,985	1,887	2,098	111.18%
Total	7,912	3,183	4,729	148.57%

Cash and bank balances

As at 31 December 2015, cash and bank balances increased by RMB30,940 million year-on-year, which was mainly attributable to the issuance of debt instruments during the year.

In RMB million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Cash and bank balances	68,907	37,967	30,940	81.49%

Liabilities

As at 31 December 2015, total liabilities of the Group amounted to RMB474,371 million, representing a year-on-year increase of RMB95,876 million or 25.33%. Excluding the effect of the customer brokerage deposits, total liabilities of the Group would have amounted to RMB323,914 million as at the end of December 2015, representing a year-on-year increase of 17.08%. The following table sets out the breakdown of the total liabilities of the Group as at the dates indicated:

In RMB million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Customer brokerage deposits	150,457	101,846	48,611	47.73%
Short-term loans, due to banks and other financial institutions, short-term financing instruments payables and non-current liabilities due within one year	41,167	34,400	6,767	19.67%
Financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss, and derivative financial liabilities	30,705	36,404	-5,699	-15.65%
Repurchase agreements	127,789	124,914	2,875	2.30%
Debt instruments issued and long-term loans	70,181	45,482	24,699	54.30%
Others	54,072	35,449	18,623	52.53%
Total	474,371	378,495	95,876	25.33%

During 2015, the A-share market recorded a significant increase in trading volume during the first half and a slow recovery after the big crush in the second half. As at 31 December 2015, the domestic customer brokerage deposits increased significantly. Total customer brokerage deposits of the Group amounted to RMB150,457 million, representing a year-on-year increase of 47.73%. It accounted for 31.72% 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 million

Items	31 December 2015	31 December 2014	Variance in amount	Variance in percentage
Mainland China	139,999	90,750	49,249	54.27%
– Individual	86,586	58,530	28,056	47.93%
– Corporate	53,413	32,220	21,193	65.78%
Outside Mainland China	10,458	11,096	-638	-5.75%
Total	150,457	101,846	48,611	47.73%

As at 31 December 2015, short-term loans, due to banks and other financing institutions, short-term financing instruments payables and non-current liabilities due within one year amounted to RMB41,167 million, representing an increase of 19.67% year-on-year, mainly attributable to the increase in due to banks and other financial institutions and approximately RMB5,000 million of bonds payable with maturity in August 2016.

As at 31 December 2015, financial liabilities held for trading, financial liabilities designated as at fair value through profit or loss, and derivative financial liabilities amounted to RMB30,705 million, representing a decrease of 15.65% as compared to the end of the previous year, mainly attributable to the decrease in investment scale.

As at 31 December 2015, amounts from repurchase agreements increased by RMB2,875 million or 2.30% year-on-year, which was mainly attributable to the increase in pledged repo business.

As at 31 December 2015, the Group's total outstanding amount of bonds payable due beyond one year amounted to RMB67,836 million, representing a year-on-year increase of RMB24,669 million. In 2015, the Group issued corporate bonds of RMB8,000 million and subordinated bonds of RMB20,000 million. In addition, the scale of long-term loans also increased.

Equity

As at 31 December 2015, the total equity of the Group amounted to RMB141,737 million, representing a year-on-year increase of 40.15%, mainly attributable to the non-public issuance of H Shares and the increase in net profit in 2015. The following table sets out the components of the Group's total equity as at the dates indicated:

In RMB million

Items	31 December 2015	31 December 2014
Share capital	12,117	11,017
Capital reserve	54,453	34,123
Surplus reserve	7,525	7,093
General reserve	17,174	13,339
Investment revaluation reserve	3,100	1,778
Foreign currency translation reserve	-18	-961
Retained profits	44,787	32,710
Non-controlling interests	2,599	2,032
Total	141,737	101,131

4.3.4 Financial Instrument Measured at Fair Value

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 the 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.

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

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

Name	Shareholding Held by the Company (%)	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong) Co., Ltd.	100.00	2 June 1988	RMB2,500 million	20/F, Tower 1, Qingdao International Finance Centre, No. 222 Shenzhen Road, Laoshan District, Qingdao	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	YANG Baolin	0086-532-85021179
CITIC Securities International Company Limited	100.00	9 April 1998	Paid-up Capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	YIN Ke	00852-22376899
GoldStone Investment Company Limited	100.00	11 October 2007	RMB7,200 million	17/F, 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, No. 222 Shenzhen Road, Laoshan District, Qingdao	GE Xiaobo	0086-10-60838838
CITIC Futures Company Limited	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, Futian District, Shenzhen	Units 1301-1305 and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	ZHANG Hao	0086-755-83217780
China Asset Management Company Limited	62.20	9 April 1998	RMB238 million	16/F, Tower B, Tong Tai Plaza, No. 33 Finance Street, Xicheng District, Beijing	Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing	YANG Minghui	0086-10-88066888
CITIC Private Equity Funds Management Company Limited	35.00	6 June 2008	RMB1,800 million	11/F, Jin Bao Building, No. 89 Jinbao Street, Dongcheng District, Beijing	District C, Incubator Building, Technology Education and Industrial Park, Technology City, Mianyang, Sichuan	TIAN Yu	0086-10-85079062
Jiantou Zhongxin Asset Management Co., Ltd.	30.00	30 September 2005	RMB1,900 million	9/F, Easyhome Tower, No. 3 Dongzhimen South Street, Dongcheng District, Beijing	5/F, Hong An International Building, No. 188 Chaonei Avenue, Dongcheng District, Beijing	GAO Shixin	0086-10-66276508

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

Name	Shareholding Held by the Company (%)	Date of Establishment	Registered Capital	Remarks
CITIC Securities Information and Quantitative Service (Shenzhen) Limited Liability Company	100.00	30 October 2013	RMB10 million	—
CITIC Zhongzheng Investment Service Co., Ltd.	100.00	24 July 2015	RMB100 million	—
CITIC Securities Overseas Investment Company Limited	100.00	17 April 2015	Paid-up Capital of HK\$10,000	—
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.
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. The relevant procedural formalities are under process
Qianhai Equity Exchange (Shenzhen) Co., Ltd.	12.74	15 November 2011	RMB1,177 million	—
Xiamen Cross-strait Equity Exchange Co, Ltd.	11.11	26 December 2013	RMB90 million	—
Qingdao Blue Ocean Equity Exchange	40.00	13 February 2014	RMB50 million	Held as to 24% by the Company and 16% by CITIC Securities (Shandong).
China Securities Co., Ltd.	7.00	2 November 2005	RMB6,100 million	—

Particulars of the principal subsidiaries and non-controlling companies of the Company are as follows:

- (1) CITIC Securities (Shandong) Co., Ltd. is a wholly-owned subsidiary of the Company with a registered capital of RMB2,500 million. As at 31 December 2015, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB28,080.06 million and RMB4,788.64 million, respectively, and the revenue, gross profit and net profit realized in 2015 amounted to RMB2,931.12 million, RMB1,609.42 million and RMB1,203.02 million, respectively. CITIC Securities (Shandong) had 65 securities branches and 2,678 staff (brokers and dispatched staff inclusive) as at 31 December 2015.

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).

- (2) 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 2015, the total assets and net assets of CSI amounted to approximately RMB66,481.06 million and approximately RMB7,021.49 million, respectively; the revenue, gross profit and net profit realized in 2015 amounted to approximately RMB5,079.30 million, approximately RMB250.36 million and approximately RMB57.91 million, respectively. CSI had 4 branches in Hong Kong and 2,000 staff (brokers inclusive) as at 31 December 2015.

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.

- (3) GoldStone Investment Co., Ltd is a wholly-owned subsidiary of the Company with a registered capital of RMB7.2 billion. As at 31 December 2015, the total assets and net assets of GoldStone Investment amounted to RMB25,035.42 million and RMB13,041.77 million, respectively; the revenue, gross profit and net profit realized in 2015 amounted to RMB1,288.88 million, RMB611.56 million and RMB411.28 million, respectively. GoldStone Investment had 154 staff (dispatched staff inclusive) as at 31 December 2015.

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

- (4) CITIC Securities Investment Limited is a wholly-owned subsidiary of the Company with a registered capital of RMB3 billion. As at 31 December 2015, the total assets and net assets of CITIC Securities Investment amounted to RMB7,215.61 million and RMB3,973.43 million, respectively; the revenue, gross profit and net profit realized in 2015 amounted to RMB3,208.81 million, RMB81.08 million and RMB58.64 million, respectively.

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

- (5) 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 2015, the total assets and net assets of CITIC Futures amounted to RMB36,153.30 million and RMB3,017.28 million, respectively; the revenue, gross profit and net profit realized in 2015 amounted to RMB1,268.88 million, RMB580.94 million and RMB416.88 million, respectively. CITIC Futures had 44 regional offices and branches and 921 staff as at 31 December 2015.

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

- (6) China Asset Management Company Limited is held as to 62.20% by the Company with a registered capital of RMB238 million. As at 31 December 2015, the total assets and net assets of China AMC amounted to RMB7,523.65 million and RMB5,602.30 million, respectively; the revenue, gross profit and net profit realized in 2015 amounted to RMB4,197.29 million, RMB1,850.19 million and RMB1,413.76 million, respectively. China AMC had 783 staff (dispatched staff inclusive) as at 31 December 2015.

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

- (7) CITIC Private Equity Funds Management Company Limited is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at 31 December 2015, the total assets and net assets of CITIC PE Fund amounted to RMB6,176.97 million and RMB4,415.32 million, respectively; the net profit realized in 2015 amounted to RMB1,273.78 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.

- (8) 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 2015, the total assets and net assets of Jiantou Zhongxin amounted to RMB2,280.52 million and RMB2,017.71 million, respectively; the net profit realized in 2015 amounted to RMB131.23 million (unaudited).

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

4.3.6 Regional Offices of the Company

The Company has established a total of 13 regional offices in Beijing, Shanghai, Guangdong, Hubei, Jiangsu, Shanghai Pilot Free Trade Zone, Shenzhen, Liaoning, Zhejiang, Fujian and Jiangxi, particulars of which are as follows:

- (1) Beijing regional office 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 Third Board, 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: 0086-10-65648685).
- (2) Shanghai regional office was established on 26 October 2010 with SHEN Yufei 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: 0086-21-61768696).
- (3) Guangdong regional office 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: 0086-20-66609909).
- (4) Hubei regional office 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: 0086-27-85355300).

- (5) Jiangsu regional office 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, Xuanwu District, Nanjing, Jiangsu (contact number: 0086-25-83282413).
- (6) Shanghai Pilot Free Trade Zone regional office was established on 12 August 2014 with ZHENG Yonghan 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: 0086-21-58957037).
- (7) Shenzhen regional office was established on 29 May 2015 with YIN Hongwei 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 CITIC Securities Company Limited); 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 CITIC Securities Company Limited); financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship (limited to New Third Board, 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 Shenzhen. The place of business is 12/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen (contact number: 0086-755-23911638).
- (8) Northeast regional office was established on 8 July 2015 with XU Xin 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 CITIC Securities Company Limited); 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 CITIC Securities Company Limited); financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship (limited to New Third Board, 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; and distribution of financial products. 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. The place of business is 335 Fengtian Street, Shenhe District, Shenyang City (contact number: 0086-24-88598858).
- (9) Zhejiang regional office was established on 3 November 2015, with LI Yongjin as its responsible officer. Its business scope includes: securities brokerage; securities investment consulting; distribution agent for securities investment funds; margin financing and securities lending; distribution agent for financial products; financial advisor relating to securities trading and securities investment activities; provision of intermediary and introduction services for futures companies; underwriting and sponsorship for securities (only limited to ancillary work including contracting of projects, project information delivery and recommendation and client relationship maintenance). The place of business is at Units 2201, 2202, 2203 and 2204 of Dikai Yinzuo, Jianggan District, Hangzhou (contact number: 0086-571-85783714).

- (10) Fujian regional office was established on 16 July 2012, with WANG Jun as its responsible officer. Its business scope includes: securities brokerage; securities investment consulting (only limited to securities investment advisory business); financial advisor relating to securities trading and securities investment activities; underwriting and sponsorship for securities (only limited to the business of three board, the SME's privately-issued bonds, and asset-backed securitization); securities asset management business, margin financing and securities lending; distribution agent for securities investment funds; provision of intermediary and introduction services for futures companies; distribution agent for financial products; recommendation and contracting for securities asset management business projects; recommendation and contracting for securities underwriting and sponsorship business projects; management of the securities branches in Fujian and Xiamen regions. The place of business is at Units 1901, 1902, 1905A and 1907 of Sino Plaza, No. 127 Wusi Road, Gulou District, Fuzhou, Fujian (contact number: 0086-591-87801076).
- (11) Jiangxi regional office was established on 12 November 2012 with XIA Lifan as its responsible officer. Its business scope includes: securities brokerage, securities investment consulting; margin financing and securities lending; distribution agent for securities investment funds; provision of intermediary and introduction services for futures companies; distribution agent for financial products. The place of business is at 28/F Lianfa Plaza, No. 129 Luyin Road Honggutan New District, Nanchang, Jiangxi (contact number: 0086-791-83970561).
- (12) Wenzhou regional office was established on 24 August 2012 with YANG Qiaowu as its responsible officer. Its business scope includes: securities brokerage; securities investment consulting; distribution agent for securities investment funds; margin financing and securities lending; distribution agent for financial products; financial advisor relating to securities trading and securities investment activities; provision of intermediary and introduction services for futures companies; underwriting and sponsorship for securities (only limited to ancillary work including contracting of projects, project information delivery and recommendation and client relationship maintenance); securities asset management (only limited to ancillary work including contracting of projects, project information delivery and recommendation and client relationship maintenance). The place of business is at Room 701, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang (contact number: 0086-577-88107230).
- (13) Ningbo regional office was established on 25 May 2010 with Xu Xunjian as its responsible officer. Its business scope includes: securities brokerage; securities investment consulting; financial advisor relating to securities trading and securities investment activities; underwriting and sponsorship of securities; securities asset management; margin financing and securities lending; distribution agent for securities investment funds. The place of business is at Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo (contact number: 0086-574-87033718).

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

As at 31 December 2015, the Company controlled two SPVs: one was CITIC Securities Finance 2013, an indirectly wholly-owned subsidiary established by the Company in Hong Kong in March 2013 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 the British Virgin Islands in September 2014 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.

4.3.8 Explanation of Change in Scope of Statement Consolidation

During the reporting period, the Company absorbed and merged one of its wholly-owned subsidiaries, namely CITIC Securities (Zhejiang), and established two new wholly-owned subsidiaries, namely CITIC Securities Overseas Investment and CITIC Zhongzheng Investment Service Co., Ltd.; the number of structured entities that are consolidated to the scope of the financial statements changed to 9. The number of primary subsidiaries that are consolidated to the scope of consolidated statements of the Company increased to 22.

4.3.9 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%.

4.4 Core Competitiveness Analysis

In 2015, the Company had steadfastly focused on serving the real economy and further improved its five major roles as financing arranger, wealth manager, trading service and liquidity provider, significant market investor and risk manager, and hence its core competitiveness has been re-invented and consolidated continuously.

The traditional business maintained its market leading position. The trading turnover of equities and funds handled by the Company was RMB33.8 trillion with a market share of 6.43%, ranking the second highest in the industry. The market share of its divided commission from mutual funds was 6.2%, ranking the highest in the industry. The number of QFII trading clients was over 139 with a client coverage of 48%. The equity lead underwriting amount of the Parent was RMB177,333 million for the whole year with a market share of 10.72%, ranking the highest in the industry. The bond lead underwriting amount of the Company was RMB385,694 million with a market share of 3.35%, ranking the highest in the industry. The amount of global merger and acquisition transactions involving PRC enterprises was over RMB70,000 million, ranking the third highest worldwide. The size of AUM entrusted to the Company was RMB1.1 trillion with a market share of 9%, ranking the highest in the industry.

The balance-sheet consuming business of the Company stayed ahead of its competitors. With respect to fixed income business, the market share of the Company's sales of fixed and floating rate bonds was 4.72%, ranking the highest in the industry. The scale of margin financing amounted to RMB74,000 million with a market share of 6.3%, ranking the highest in the industry. The size of stock-pledged repo business was RMB33,100 million with a market share of 12.2%, ranking the second highest in the industry.

4.5 Profit Distribution Policy of the Company

4.5.1 Formulation and Implementation of Cash Dividend Policy

The Company has formulated differentiated profit distribution policy, while the Articles of Association of the Company specify the profit distribution plans, particularly the decision-making procedures and mechanisms for the cash dividend plans, clarify the priority of cash dividend in the profit distribution, and state that “the Company guarantees as far as possible that the size of profit distribution every year will not be less than 20% of the net profit attributable to owners of the parent for the year.”

The formulation and 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 19 June 2015, the 2014 Annual General Meeting of the Company considered and approved the 2014 profit distribution plan, i.e., a cash dividend of RMB3.10 (tax inclusive) was distributed for every 10 Shares; if the Company had completed the issuance of new H Shares which was considered and approved at the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting respectively by the record date for distribution of H Share dividends for 2014, the cash dividend for 2014 had to be adjusted accordingly based on the total distribution 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 dividend might deviate from the above figures due to rounding).

Since the above issuance of H Shares had been completed on 23 June 2015 (i.e., completed before the record date for distribution of H Share dividends for 2014 on 2 July 2015) and upon issuance of the 1.1 billion H Shares, such new H Shareholders would be entitled to the dividend distribution of the Company for 2014. The cash dividend for 2014 was adjusted accordingly based on the total amount of RMB3,415,241,604.00 (tax inclusive) and an aggregate of 12,116,908,400 shares after the issuance of new H Shares, namely, the cash dividend for every ten shares was adjusted from RMB3.10 (tax inclusive) to RMB2.8185 (tax inclusive), while the actual distribution amount in Hong Kong dollars was a cash dividend of HKD3.57299 (tax inclusive) for every ten H Shares, calculated on the basis of the average benchmark exchange rate for RMB to Hong Kong dollars as published by the People’s Bank of China for the five business days prior to the convening of the 2014 Annual General Meeting of the Company.

The plan was completed on 14 August 2015. The cash dividend, representing 30.12% of the net profit attributable to the owners of the parent in 2014, was in compliance with the related provisions in the Guidelines on Distribution of Cash Dividends by Listed Companies issued by the SSE and the Articles of Association of the Company. The Company’s independent Directors have issued independent opinions in respect of the 2014 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.

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

The profit distribution plan of the Company will be subject to consideration and approval by shareholders at a general meeting after the prior approval by the Board and the Supervisory Committee. In the process of prior approval by the Board, the independent Directors of the Company will provide 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. From 2013 to 2015, 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, details of which are as follows:

In RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (tax inclusive)	Capitalization issue of bonus shares for every 10 shares (share)	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 (%)
2015	—	5.0000	—	6,058,454,200.00	19,799,793,374.33	30.60
2014	—	2.8185	—	3,415,241,604.00	11,337,193,825.46	30.12
2013	—	1.5000	—	1,652,536,260.00	5,243,916,979.11	31.51

Note: As mentioned above, the cash dividend for distributed by the Company the year 2014 fell within the amount of RMB3,415,241,604.00 (tax inclusive) and was based on an aggregate of 12,116,908,400 Shares of the Company after the non-public issuance of H Shares in 2015. The total amount of cash dividend actually paid was slightly different from the afore-said amount due to rounding adjustments..

Preliminary Profit Distribution Plan for 2015:

The retained profits of the Company at the beginning of 2015 amounted to RMB15,282,637,038.03, together with the retained profit of RMB4,274,894,800.35 carried forward for merger with CITIC Securities (Zhejiang) by absorption on 1 September 2015, and the net profit of RMB15,097,565,149.96 realized by the Company in 2015, and after deduction of the 2015 cash dividends of RMB3,415,241,604.00, the distributable profits of the Company in 2015 amounted to RMB31,239,855,384.34.

Pursuant to the Company Law, Securities Law, Financial Rules for Financial Enterprises and the Articles of Association, the net profits of the Company for 2015 are appropriated in the following sequences:

- (1) The Company appropriates a total of RMB135,952,727.66 to the statutory surplus reserve (after this appropriation the statutory surplus reserve of the Company will reach 50% of the registered capital of the Company);
- (2) The Company appropriates a total of RMB1,690,421,281.76 to the general risk reserve calculated on the basis of 10% of the total of net profit realized by the parent for 2015 and the net profit realized by CITIC Securities (Zhejiang) from January to August of 2015;
- (3) The Company appropriates a total of RMB1,690,421,281.76 to the transaction risk reserve calculated on the basis of 10% of the net profit realized by the parent for 2015 and the net profit realized by CITIC Securities (Zhejiang) from January to August of 2015.

The aggregate of the above three items amounted to RMB3,516,795,291.18.

Net of the above three items, the distributable profits of the parent amounted to RMB27,723,060,093.16.

According to the accounting requirements applicable to listed companies currently in force, and the relevant requirement that changes in fair values that are recognized in the 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 2015, the distributable profits attributable to the Shareholders that can be distributed as cash dividends in 2015 amounted to RMB26,810,738,107.47.

In consideration of factors such as the future development of the Company and the interests of the Shareholders, the Company proposed the profit distribution plan of 2015 as follows:

The Company will adopt cash dividend payment method for its 2015 profit distribution (i.e. 100% cash dividend), and distribute to the holders of A Shares and H Shares whose names appeared on the register of members of the Company on the record date of the 2015 cash dividend a proposed total cash dividend of RMB6,058,454,200.00 (tax inclusive), representing 30.60% of the net profit attributable to the owners of the parent and 22.60% of the distributable profits of the Company. The outstanding balance of the retained profits distributable of the Company for 2015 amounted to RMB20,752,283,907.47 and will be carried forward to the next year. Based on the total number of share for the year ended 31 December 2015, cash dividend of RMB5.00 (tax inclusive) will be distributed for every 10 shares.

Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in Hong Kong dollars to the H Shareholders. The actual amounts declared in Hong Kong dollars are converted based on the average benchmark exchange rate for Renminbi to Hong Kong dollars as announced by the People's Bank of China for the five business days before the date of the 2015 Annual General Meeting of the Company.

After the 2015 profit distribution plan of the Company has been considered and approved at the 2015 Annual General Meeting, the Company expects to distribute the cash dividends for 2015 before 30 August 2016. 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.

4.6 Risk Management

4.6.1 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.

4.6.2 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 internal control departments and business departments/business lines. 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 departments 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 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.

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 privately-issued financial products of the Company. The committee manages relevant risks through pre-sale risk assessment of privately-issued 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 privately-issued financial products, manage the quality control of various privately-issued 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.

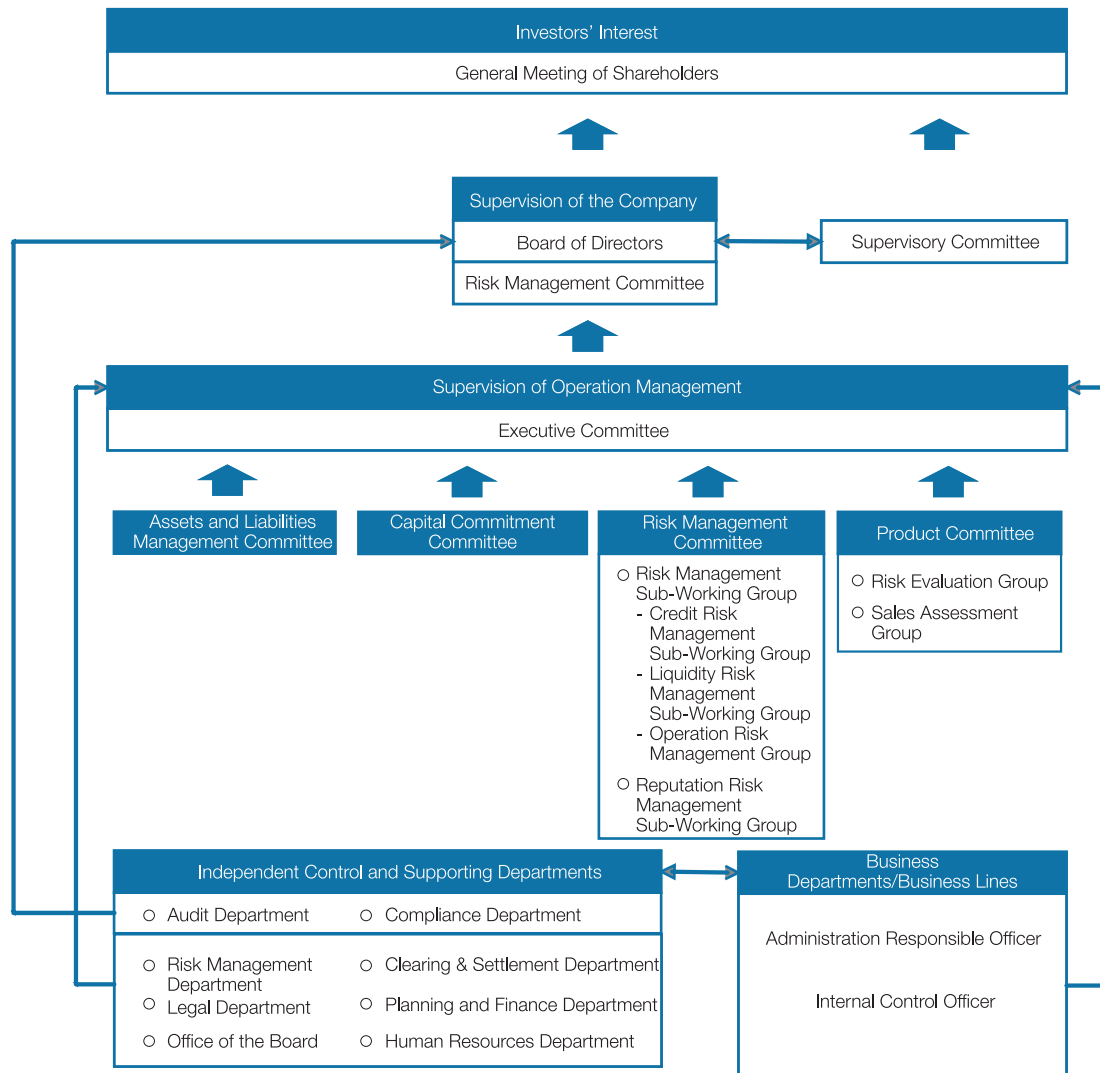
The Audit Department of the Company has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy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

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



4.6.3 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, the 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 the operation management of the Company.

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

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

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

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

In 2015, the Group closely kept track of market and business changes, promptly identified the latest market risk profile and maintained good communication with relevant regulatory authorities and shareholders, with a view to timely control exposure to market risks.

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

4.6.4 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; 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 manages 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, keeps track of the credit risk of its business products and transaction counterparties, provides 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.

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)

In RMB million

Investment Rating	31 December 2015	31 December 2014
China's Sovereign Credit Rating	19,767.18	6,456.55
AAA	9,139.58	7,871.30
AA	16,465.32	22,780.22
A	187.09	93.55
A-1	7,760.24	7,354.13
Others	17,512.38	6,085.76
Total exposure	70,831.80	50,641.51

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)

In RMB million

Investment Rating	31 December 2015	31 December 2014
A	45.66	35.68
B	1,764.43	864.23
C	2,938.61	2,836.49
D	101.69	313.30
NR	2,022.05	3,557.25
Total exposure	6,872.43	7,606.95

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.

In 2015, the Group continued to maintain strict risk management standards for its securities financing business from a multiple perspective in terms of pledge ratio, collaterals, security payment ratio, concentration, liquidity, durations etc., and managed its credit risk exposure through timely mark to market management.

As at the end of the reporting period, the Group maintained a minimum margin ratio of 284% for the Group's margin financing and securities lending clients with outstanding liabilities; a ratio of 263% for the Group's stock repo clients with outstanding liabilities; a guarantee ratio was 432% for the Group's stock-pledged repo clients with outstanding liabilities; and a ratio of 211% for the Group's stock returns swap clients with outstanding liabilities.

4.6.5 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.

In 2015, the Group actively monitored the liquidity supervisory indicators, closely tracked liquidity risk profile, continuously carried out liquidity stress tests and evaluations and took corresponding measures in advance to ensure secured liquidity of the Company.

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

4.6.6 Operational Risk

Operational risk is the risk of losses arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons. During the reporting period, the Company continued to fully push forward the development of governance structure and management tools, formulated the relevant regulations and rules, developed related IT supporting system in respect of operational risk. It also enhanced the operational risk management awareness of all staff of the Company by means of online trainings and business communications with its subsidiaries.

For governance structure, an operational risk management team consisting of liaison officers of various departments from the front office, middle office and back office holds monthly meetings to fully evaluate, monitor and manage various operational risks which the Company is facing with through comprehensive analysis of risk loss events and impact thereof, business environment and internal control factors as well as implementation of rectification measures, and regularly reports to the Company's Risk Management Committee and Executive Committee.

For management tools, (1) operating risk loss events are to be effectively managed in the following respects: detailed investigation of the cause behind each of the risk events, qualitative and quantitative assessment of impacts of the events, analysis of procedure defects, establishing rectification measures, and continuously tracing the rectification measures and the progress of implementation; (2) In accordance with the requirements set forth in Norms for the All-rounded Risk Management of Securities Companies (《證券公司全面風險管理規範》), a new procedure of business assessment has been established and put into trial operation. Through such procedures, the Company adheres to the principle of "zero tolerance" regarding the compliance risks when developing and expanding innovation business, and eradicates exploitation of grey areas in laws and regulations to do business. The middle office and back office will fully remind the various types of risks which the business department has not yet noticed, provide the best solution under existing supporting capacity, coordinate system construction and development, and enhance collective wisdom and provide supports for new business development.

For system development, Procedures for Assessment of the Company's New Business (《公司新業務評估流程》), Rules of Procedures for Operating Risk Management Group (《操作風險管理小組議事規則》), Reporting Procedures for Operating Risk Loss Events (《操作風險損失事件報告流程》) have been formulated and put into trial operation. Meanwhile, The Company's Policies on Management of Operating Risks (《公司操作風險管理政策》) formulated in 2014 has been amended and officially came into effect upon approval by the Risk Management Committee of the Company in August 2015.

5. REPORT OF THE DIRECTORS

5.1 Business Review

5.1.1 Review of Business

The Group is principally engaged in providing securities brokerage, investment banking, assets management and other related financial services.

In 2015, with the overall slowdown of the global economy, the domestic economy faced increasing downward pressure. Stock market rose too fast in the first half and fluctuated abnormally in the second half, while bond market continued rising. In 2015, the PRC securities industry recorded total revenue of RMB575.2 billion, representing a year-on-year growth of 121%, and net profit of RMB244.8 billion, representing an increase of 154%. As at the end of 2015, the industry had total assets of RMB6.4 trillion, representing an increase of 57%, and net assets of RMB1.5 trillion, representing an increase of 58%. Please refer to “4.1 Corporate Strategy and Long-term Operation Model” of this results announcement for the industrial landscape and development strategies of the Group.

In 2015, the Company recognized total revenue and other income of RMB72.924 billion, net profit of RMB19.800 billion and return on equity of 16.63%, setting a record in terms of revenue and net profit. The Company continued to rank first among the domestic securities companies and all of its businesses stayed ahead of the market. The brokerage business of the Company, by focusing on the development strategy of “product development, institution-orientation and high-end-orientation” and by proactively carrying out quantitative hedging, credit transactions and general asset management businesses, achieved significant increase in sales of financial products. The investment banking business, through proactively implemented the concept of “industry service investment banking” and by seizing development opportunities, enhancing strategic layout, exploring business opportunities and strengthening implementation of all business lines, delivered very good results in equity, bonds, merger and acquisition and investment businesses. Meanwhile, the overseas investment banking business achieved remarkable synergies and projects jointly conducted by the domestic and overseas teams were further standardized. The New Third Board business department has completed the preparatory work and was formally established and had completed and pushed forward a number of projects with market influence. The flow-based business maintained a favorable leading position in the industry for each related segment. The asset management business was continuously optimized through the differentiated development approach of “enlarging platform through institutional business”, thereby contributing to a remarkable increase in the investment management results.

During the Reporting Period, the operating conditions of the Group’s businesses were set out in “4.2 Business Overview” of this results announcement.

5.1.2 Main Risks and Uncertainties

Major risks and uncertainties faced by the Company include market risk, credit risk, liquidity risk and operation risk. For the objectives and policies of risk management of the Company, please refer to paragraph 4.6.3 to 4.6.6 of this results announcement for description about risk management of the Company. For major risks and uncertainties faced by the Company in 2016, please refer to “4.1.5 Possible Risk Exposure” in this results announcement.

5.1.3 Relevant Laws and Regulations of Significant Impact

Adhering to the philosophy of operating according to laws and regulations, the Company complies with the national laws, administrative regulations and various rules and normative documents promulgated by regulatory authorities. In 2015, by virtue of regulatory provisions and business management requirements, the Company formulated and revised a series of internal management systems to enhance its internal control and management level and improve compliance management systems; formulated and improved business management systems and processes to timely implement all the requirements of regulatory authorities and self-regulatory organizations in all of its business lines; continuously strengthened the publicity and training of laws and compliance culture to enhance the awareness of active prevention compliance in the course of business operations. The overall operational and management compliance of the Company is good and no material systematic compliance risks have been detected.

5.1.4 Environmental Policies and Performance

The Company set up a carbon trading and investment team in 2011. Since its establishment, the carbon trading team has been an active player in both domestic and oversea deals pushing for the securitization of carbon trading. They help companies activate their carbon assets by providing liquidity on the market through quotations and innovative OTC transactions. These measures encourage companies to accelerate technology upgrades and develop industries that are energy-conserving, low-polluting and low-emitting in support of China's national goal of energy saving and emissions reduction. In 2015, the Company accumulatively completed the trading of over 1 million tons of carbon emissions and initiated the first carbon-emission quota forward transaction in China, thereby actively supporting the development of domestic carbon emission market.

5.2 Profit Distribution and Proposed Dividend

For details of formulation and implementation of the Company's cash dividend policy and profit distribution plan in 2015, please refer to "4.5 Profit Distribution Policy of the Company" of this results announcement.

5.3 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) and the Notice on Issues Regarding the Different Individual Income Tax Policies on Dividends and Bonus of Listed Companies (Cai shui [2015] No. 101) 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, individual income tax shall be exempted; 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 are not required, in respect of their individual income tax, to pay withholding tax, 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.

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 added to the total income of such investors and subject to enterprise income tax levied according to the requirements of the law. 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.

5.4 Use of Proceeds

Issue of Shares

According to the Capital Verification Report (PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No. 748) issued by PricewaterhouseCoopers Zhong Tian, the net proceeds from the non-public issuance of H Shares in 2015 were RMB21,122 million. As at 31 December 2015, the use of proceeds was: HKD13,000 million (equivalent to RMB10,414 million) was remitted to China for development of the flow-based business, an equivalent amount equivalent to RMB5,495 million was used in developing overseas business, and an unutilized amount equivalent to RMB5,213 million was temporarily deposited overseas.

Issue of Debentures

During the reporting period, the Company issued one tranche of RMB corporate bonds, which raised RMB8 billion, issued one tranche of short-term corporate bonds, which raised RMB8 billion, issued two tranches of RMB subordinated bonds, which raised a total of RMB20 billion and all was used to replenish the working capital of the Company, 8 tranches of commercial papers and 288 tranches of beneficiary certificates and was used to replenish the liquidity of the Company. The Company's indirect wholly-owned subsidiary CITIC Securities Finance MTN issued eight drawdowns on the USD-denominated medium-term notes, which raised a total of USD439.68 million and was used for daily operation.

As at 31 December 2015, the outstanding balance of corporate bonds issued by the Company was RMB29.5 billion; the outstanding balance of subordinated bonds was RMB27 billion; the outstanding balance of USD-denominated bonds was USD1.45 billion (equivalent to approximately RMB9.425 billion); the outstanding balance of short-term corporate bonds of securities companies was RMB8 billion. The total outstanding amount of all the bonds was approximately RMB73,925 million. In addition, by the end of the reporting period, the outstanding balance of beneficiary certificates was RMB12,786 million. For details of the issue of the Company's bonds, please refer to "7.4 Issue of Securities in the Last Three Years".

The above utilization of proceeds was in line with the disclosure in the prospectus/offering documents. In 2016, 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.

5.5 Purchase, Sale or Redemption of the Company's Securities

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

5.6 Brief Biographical Particulars of the Directors, Supervisors and Senior Management

Brief biographical particulars of the Directors, Supervisors and Senior Management of the Company are set out in "8.1.4 Major working experience of the current Directors, Supervisors and Senior Management" of this results announcement.

5.7 Directors' and Supervisors' Service Contracts

An appointment letter was entered into by the Company with each of the 9 Directors of the 5th Session of the Board and successively with each of the 7 Directors of the 6th Session of the Board (effective from 19 January 2016). The term of appointment commenced from the date of election and approval by the General Meeting and upon obtaining the relevant qualification from appointment until the expiry date of the session of the Board. The appointment letter sets out the Directors' responsibilities, grounds for termination, undertakings and Directors' fees during the term of office.

In addition, none of the Directors or Supervisors entered into a service agreement with the Company or its subsidiaries which could not be terminated within one year without paying compensation (other than statutory compensation).

5.8 Permitted Indemnity Provisions

The Company has purchased insurance for the Directors against legal liabilities arising from performance of their duties, the applicable law governing the relevant insurance policies was PRC law. The Company reviews the coverage of such insurance each year. During the year, there were no claims for compensation against the Directors or Senior Management.

5.9 Management Contracts

During the year, no management and administrative contracts were entered into or subsisting in respect of the whole or a substantial part of any business of the Company.

5.10 Remuneration Policies

The details of remuneration policies and share incentive scheme of the Company's Directors, Supervisors and Senior Management are set out in "8.4.3 Remuneration of Directors, Supervisors and Senior Management for the Year" and "8.4.4 Share Incentives of Directors, Supervisors and Senior Management" of this announcement.

Details of the Company's employee remuneration policies and employee compensation are set out in "8.5.4 Employee Compensation" and Note 10 to the Consolidated Financial Statements of this announcement.

5.11 Directors' and Supervisors' Interests in Material Contracts

During the reporting period, the Company or its subsidiaries did not enter into any transaction, arrangement or contract of significance in which the Directors or Supervisors or their respective connected entities had a material interest, whether directly or indirectly.

5.12 Directors' Interests in Businesses Competing with the Company

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

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

As at 31 December 2015, 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	(former) Executive Director, Chairman and member of Executive Committee	Personal Interest	A Shares	2,649,750	0.022
CHENG Boming	(former) Executive Director, President and member of Executive Committee	Personal Interest	A Shares	1,733,160	0.014
NI Jun	(former) Chairman of the Supervisory Committee	Personal Interest	A Shares	1,368,363	0.011
LEI Yong	Supervisor	Personal Interest	A Shares	483,285	0.004
YANG Zhenyu	Supervisor	Personal Interest	A Shares	81,000	0.001

Note: The Company appointed Mr. Zhang Youjun as Director at the 2016 First Extraordinary General Meeting held on 19 January 2016, and as at the date of disclosure of this results announcement, he held 374 A Shares of the Company, representing 0.000003% of the total shares of the Company.

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 "8.1.1 Changes in the Share held and information of the remuneration" of this announcement. In addition, as at 31 December 2015, 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.

5.14 Interests and Short Positions to Be Disclosed by the Shareholders Pursuant to the Securities and Futures Ordinance

Details of interests and short positions to be disclosed by the Shareholders pursuant to the Securities and Futures Ordinance are set out in “7.5.5 Interest and Short Positions of Substantial Shareholders” of this announcement.

5.15 Pre-emptive Rights

The Company was established in accordance with the PRC laws with no arrangement regarding pre-emptive rights.

5.16 Reserves and Distributable Reserves

Please refer to the Consolidated Statement of Changes in Equity and Note 56 to the Consolidated Financial Statements in this announcement for details of changes in the reserves and the reserves of distributable profits of the Company.

5.17 Fixed Assets

Please refer to Note 18 to the Consolidated Financial Statements in this announcement for details of the Group’s fixed assets as at 31 December 2015.

5.18 Major Clients and Suppliers

The Company serves institutional and individual clients in various 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 taps into overseas market in the future. In 2015, the revenue attributable to the Company’s five largest clients accounted for 1.64% of the total revenue 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 Group, and CITIC Limited.

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.

5.19 Relationship with Employees, Clients, Suppliers and Persons Who are Materially Related

Employees’ remuneration consists of base annual salary, performance-based annual salary, special rewards, insurance and other benefits. The Company continues to promote and implement staff training programs with comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to “8.5.4 Employee Compensation” and “8.5.5 Training Program” of this results announcement. As at 31 December 2015, the Company and CITIC Securities (Shandong) had 1,017 securities brokers, of which 720 were brokers of the Company. For information on relationship between the Company and securities brokers, please refer to “8.5.3 Information on Brokers”. For information on relationship between the Company and major clients and suppliers, please refer to “5.18 Major Clients and Suppliers” of this results announcement.

5.20 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 date of this results announcement, 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.

5.21 Corporate Governance

The details of corporate governance are set out in the “9 Corporate Governance Report” of this announcement.

5.22 Social Responsibilities

The Company has firmly established and maintained an image of integrity, observance and justice, which are seen in the following aspects: tax payment in accordance with the relevant laws; actively accepting commitment for the 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.

The Company actively supported the securities industry designated poverty alleviation projects of the China Foundation for Poverty Alleviation; in 2015, the Company donated RMB1.80 million for the poverty alleviation projects organized by SAC. 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 2015. The Company’s employees continued to voluntarily donate the “Employee Social Public Welfare Donation Fund”, the proceeds of which were applied to various public benefit activities. The Company funded the construction of Zhunbu Kindergarten, the second kindergarten in Talma Town, Shenzha County, Tibet, effectively solving and improving the nursery problems of the local pre-school children. CITIC Securities (Shangdong) and its staff have contributed to establishing a staff mutual-aid fund to the effective relief of economic pressure for staff suffering from sudden major difficulties. CSI was awarded the “Caring Company” logo by the Hong Kong Council of Social Services for the tenth consecutive year. The award is intended to recognize the contributions made by qualified enterprises to improving the community and formation of a harmonious society. The “Chairman Trust Fund” of CLSA Limited allocated funds to 11 non-profit organizations across Asia amounting to an aggregate charitable sum of USD800,000. In 2015, the Company completed the cumulative trading of over one million tons of carbon emissions and initiated the first carbon-emission quota forward transaction in China, thereby actively supporting the development of the domestic carbon emission market.

In 2015, 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 will release its “2015 Annual Report On Social Responsibilities” at the same time as making this announcement.

5.23 Auditors

Please refer to “6.3 Appointment or Termination of Accounting Firms” of this announcement for details of the engagement or dismissal of the accounting firms.

5.24 Future Development/Forward-looking

Please refer to “4.1.2 Development Strategy” and “4.1.3 Business Plan for 2016” of this announcement on prospects of the Company’s future development.

By Order of the Board
Chairman
ZHANG Youjun

Beijing, 23 March 2016

6. SIGNIFICANT EVENTS

6.1 Performance of Undertakings

Undertakings of the Company, Shareholders, de facto controller, acquirer, Directors, Supervisors, Senior Management or other related parties during the reporting period or up to the reporting period

6.1.1 Undertakings of Shareholders, related/connected parties and their performance

(1) 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."

Since CITIC Group has transferred all the shares held by it in the Company to CITIC Corporation Limited, the undertaking is taken up by CITIC Corporation Limited.

The above long-term undertaking is still valid. On 16 January 2015, CITIC Corporation Limited authorized the Company to make an announcement for transferring the Shares held by it in the Company (details of which are set out in the relevant announcement issued by the Company on 16 January 2015).

(2) 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."

The above long-term undertaking is still valid and is succeeded by CITIC Corporation Limited. It is currently in good implementation, and will continue to be duly performed.

There is no unperformed open undertakings by other shareholders or related/connected parties.

6.1.2 The Company did not have any open undertaking that required to be performed.

Background of undertaking	Type of undertaking	Undertaken by	Description of undertaking	Committed time and duration	Deadline for performance of undertaking	Strict performance in time	Specific reasons shall be presented in the event of non-performance in time	Next plan shall be explained in the event of non-performance in time
Undertaking in respect of the share reform	Others	CITIC Group	Refer to above	Long-term valid	No	Yes	N/A	N/A
Undertaking in respect of the IPO	Resolving competing business	CITIC Group	Refer to above	Long-term valid	No	Yes	N/A	N/A

6.2 Board's analysis and explanation of reasons and impact of changes in accounting policies, accounting estimates or accounting methodologies

On 23 December 2015, the 46th meeting of the 5th Session of the Board approved the "Resolution on the Change of Standard on the Provisions for Bad Debts in the Financing Business of the Company". According to the resolution, the Company agreed to change the standard on the provisions for bad debts in the financing business to further strengthen asset impairment testing and increase the allowance for assets risk in accordance with the requirements of, inter alia, Accounting Standards for Enterprises (《企業會計準則》), Financial Rules for Financial Enterprises (《金融企業財務通則》) and Administrative Measures for the Provision of Reserves of Financial Enterprises (《金融企業準備金計提管理辦法》) and based on the principle of prudence and actual situation of the relevant business of the Company and by combining the risk features of the financing business.

1. Standard of Provision for Bad Debts in the Financing Business after the Change in Accounting Estimates

The Company will make judgment on whether any signs of impairment on the assets of the relevant financing business according to factors such as the creditworthiness of customers, pledged securities, collateral ratio, solvency and willingness of the customers. In respect of financing business assets with signs of impairment, each will undergo a specific test to determine the specific bad debt provision. In respect of the rest of the assets in the financing business, provision for bad debt will be made based on a specific ratio for general bad debt provisions.

2. The change of the accounting estimates on financial impacts

With the change in the accounting estimates, and based on the size of the financing business of the Company as at the end of 2015, the provision for bad debts in the financing business was RMB312 million, and accordingly the gross profit was reduced by RMB312 million.

According to the relevant requirements of the Accounting Standards for Enterprises (《企業會計準則》), such provision is a change in accounting estimate, the accounting treatment of which has to be applied in the future and no retrospective adjustment is required to be made for prior years.

6.3 Appointment or Termination of Accounting Firms

In RMB ten thousands

Current appointment	
Appointment or termination of accounting firms	PwC Zhong Tian
Remuneration for the PRC accounting firm	130
Duration of service of the PRC accounting firm	1 year
Name of the overseas accounting firm	PwC Hong Kong
Remuneration for the overseas accounting firm	25
Duration of service of the overseas accounting firm	1 year

Note: The above is the audit fee of the Company, which does not include the audit fees for subsidiaries of the Company.

	Name	Remuneration
Accounting firm for internal control audit	PwC Zhong Tian	30

Explanation on Appointment or Termination of Accounting Firms

Pursuant to the Measures for Administration of Accounting Firm Selection by Financial Enterprises through Bidding (for trial implementation) issued by the Ministry of Finance, there is a limit on the number of years that a financial institution can continue to engage the same accounting firm (including relevant members of such accounting firm), and the Company is required to change its accounting firms from 2015.

The 2014 Annual General Meeting of the Company appointed PwC as the external auditors of the Company for 2015 to be responsible for the provision of the relevant audit and review services in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

The member of the PricewaterhouseCoopers global network in Hong Kong is PwC Hong Kong which provides the relevant audit and review services to the Company in accordance with the International Financial Reporting Standards.

6.4 Material Litigation and Arbitration

6.4.1 Litigation and arbitration not disclosed in interim announcements or subsequently progressed

During the reporting period, material litigation and arbitration cases of the Company and its subsidiaries are as follows:

1. Dispute between the Company and Zhifu Leather on breach of private bonds

In February 2013, the Company subscribed for the 2012 SME private bonds of Suqian Zhifu Leather Industry Co., Ltd. (referred to as the “12 Zhifu Bonds”) with a subscription amount of RMB44 million. The 12 Zhifu Bonds were secured by the unconditional and irrevocable guarantees provided by Sino-capital Guaranty Trust Co., Ltd. (hereinafter referred to as “Sino-capital”) and Mr. Zhou Likang, the de facto controller of Suqian Zhifu Leather Industry Co., Ltd. (hereinafter referred to as “Zhifu Leather”).

Since Zhifu Leather failed to pay the principal and interest of the bonds to the Company in accordance with the agreement, to safeguard the legitimate interests of the Company, the Company initiated an arbitration at China International Economic and Trade Arbitration Commission on 29 April 2015 to request Zhifu Leather to settle the principal and unpaid interest of the bonds totalling RMB46.09 million as well as the interest subsequently incurred, the damages in relation to the default and the expenses incurred for realizing the claim. On 4 December 2015, China International Economic and Trade Arbitration Commission made an arbitral award by ordering Zhifu Leather to pay to the Company the principal and interest of the bonds of RMB46.09 million together with relevant default interest, the damages in relation to the default, legal expenses and arbitration fees. On 28 December 2015, the Company applied to the Intermediate People’s Court of Suqian, Jiangsu province for enforcement of the arbitral award and by a letter of enforcement of arbitral award made by the Intermediate People’s Court of Suqian on 28 January 2016, judgement was given for enforcement of the arbitral award.

Since the guarantors, Sino-capital and Zhou Likang, failed to fulfil their obligations under the agreement, to safeguard the legitimate interests of the Company, the Company filed a lawsuit on 3 August 2015 to the Third Intermediate People’s Court of Beijing, requesting Sino-capital and Zhou Likang to perform their joint and several guarantee obligations to settle the principal and interest of the bonds totalling RMB46.09 million as well as the interest subsequently incurred, the damages in relation to the default and the expenses for realizing the claim. The Third Intermediate People’s Court of Beijing accepted the case on the same day, and commenced the first trial on 4 December 2015. Currently, the court process is still going-on.

A full provision for impairment loss was made by the Company for the case in 2015.

2. Dispute between TAM of the Company and Meng Kai on breach of contract

In 2013 and 2014, the Company, as the manager of a TAM Plan and in accordance with the instruction of the principal of the TAM plan, signed the Agreement on the Stock Pledged Repo Transaction Business of CITIC Securities Company Limited and other relevant agreements (including the subsequent relevant supplemental agreements) with Meng Kai, the then chairman of Cloud Live Technology Group Co., Ltd. (stock name referred to as “Cloud Live”, stock code: “002306”, previously known as “Beijing Xiangeqing Group Co., Ltd.”), pursuant to which, Meng Kai raised funds of RMB479.60 million from the TAM Plan established by the Company with the 181.56 million shares held by him in Cloud Live.

Since Meng Kai defaulted in the repurchase on a timely basis and in accordance with the instruction of the principal of the TAM plan, the Company applied in May 2015 to the People’s Court of the Futian District of Shenzhen (hereinafter referred to as “Futian Court”) to claim for realisation of the security interest created by the pledge of the 181.56 million shares held by Meng Kai in Cloud Live (with its name changed into “*ST Cloud Live”). On 19 May 2015, Futian Court made a civil ruling ordering the judicial freezing of all 181.56 million shares held by Meng Kai in *ST Cloud Live according to law and such judicial freezing to rank after the judicial freezing ordered by the First Intermediate People’s Court of Beijing on the aforesaid shares as a result of the “ST Xiange Bonds” case. On 18 June 2015, Futian Court commenced the trial of the case and made a civil ruling on 25 June 2015 approving the auction of or sale of the 181.56 million shares in *ST Cloud Live registered in the name of Meng Kai and that priority for repayment was given to the payment of the principal sum of RMB479.60 million, the interest amounting to RMB3,252,082.19 (being the interest temporarily accrued up to 22 April 2015; the subsequently accrued interest is to be calculated in accordance with the agreements up to the actual date of performance), late payment fee and notarization fee.

On 6 August 2015, the Company submitted to the Futian Court an “Enforcement Application” applying for enforcement of the aforesaid shares. The Court made a ruling approving the auction or sale of the shares involved.

On 20 November 2015, the Company reached a conditional “Settlement Agreement” with Meng Kai and Yueyang Zhongxiang Industrial Co., Ltd. (岳陽市中湘實業有限公司) (hereinafter referred to as “Zhongxiang Industrial”) pursuant to which it was agreed that Zhongxiang Industrial will settle all debts on behalf of Meng Kai, and thereafter the Company applied to the competent court to unfreeze the aforesaid shares. Later as Zhongxiang Industrial failed to remit the full compensation money, the Settlement Agreement was automatically terminated.

In March 2016, the Company, Meng Kai and Zhongxiang Industrial again reached a conditional “Settlement Agreement” in which the parties agreed, apart from the above matter, on matters such as the debt amount, the conditions for release of the shares pledged. As at 18 March 2016, as Zhongxiang Industrial failed to remit the full compensation money, the Settlement Agreement was automatically terminated. The matters to follow are pending confirmation of the principal of the TAM Plan.

In the course of carrying out the above business, the Company conducted the investment and handled disputes fully in accordance with the relevant regulatory requirements, the terms of the agreements and the instructions of the principal. The risks are to be borne by the principal. It is anticipated that there will be no negative impact on the status of the Company’s own assets.

3. Disputes between Jindingxin Microfinance and Jinghao Mining, Business Jet Company and Qingxinda, respectively, for breach of contract

(1) Dispute between Jindingxin Microfinance and Jinghao Mining for breach of contract

On 25 April 2014, Jindingxin Microfinance, a subsidiary controlled by 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. (referred to as “Jinghao Mining”) pursuant to the loan agreement (Jindingxin 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 the scheduled repayment date on 20 August 2014, and in order to safeguard its legitimate interests, Jindingxin Microfinance brought a litigation action on 21 January 2015 against Jinghao Mining as the borrower as well as LU Conggang, LU Yan, WANG Tao, LI Xue, ZHANG Yaqun, ZANG Weijing, ZHANG Hucheng and Ordos Yafeng Coal Group Co., Ltd., as joint liability guarantors, to claim compensation of approximately RMB10.90 million. The Intermediate People’s Court of Qingdao has accepted the case and has frozen the assets such as real properties and shareholdings of the joint guarantors according to law. Since none of the defendants was present on 20 April 2015 when the Intermediate People’s Court of Qingdao commenced the trial, the trial was re-commenced on 17 July 2015 at the Intermediate People’s Court of Qingdao. On 22 October 2015, Jindingxin Microfinance received the written judgment issued by the court which was in favour of Jindingxin Microfinance in respect of its claims. As the judgment could not be delivered to some of the defendants, notice of the judgment was published on the People’s Court Daily on 5 December 2015 and the judgment became effective on 18 February 2016. Upon the judgment becoming effective, none of Jinghao Mining and the related joint guarantors had made payment according to the judgment. Jindingxin will soon apply for enforcement of the judgment.

Jindingxin Microfinance has downgraded the grading of Jinghao Mining to “loss” grade of the five grading categories and made impairment provision for the full amount.

(2) Dispute between Jindingxin Microfinance and Business Jet Company for breach of contract

On 27 March 2014, Jindingxin Microfinance and Qingdao Airlines Business Jet Co., Ltd. (referred to as “Business Jet Company”) entered into a loan agreement (Jindingxin 2014 Jie Zi No. 00041), pursuant to which a loan amounting to RMB15 million was granted to Business Jet Company (the loan period was from 28 March 2014 up to 27 February 2015). Since the defendant failed to repay the principal and interests due on the scheduled repayment date on 27 February 2015, and in order to safeguard its legitimate interests, Jindingxin Microfinance instituted legal proceedings against the borrower, Business Jet Company, and the joint liability guarantors, Binzhou Pingtai Investment Management Co., Ltd. (濱州市平太投資管理有限公司), Shandong Huachang New Energy Co., Ltd. (山東華昌新能源股份有限公司), Binzhou Dagao Properties Co., Ltd. (濱州大高置業有限公司) and Yu Bin on 4 March 2015 according to law to claim for repayment of approximately RMB14.6799 million (the defendant repaid an aggregate principal sum of RMB320,100 from 2 to 3 March 2015). On 4 March 2015, the Intermediate People’s Court of Qingdao accepted the case and froze the relevant properties of Shandong Huachang New Energy Co., Ltd., and those of Yu Bin on 11 March 2015. Trial of the case commenced on 24 August 2015. On 12 November 2015, the Intermediate People’s Court of Qingdao delivered a judgment in favour of Jindingxin Microfinance but as the judgment had not dealt with Jindingxin Microfinance’s claim for interest accrued upon default, Jindingxin Microfinance appealed to the High People’s Court of Shandong Province on 20 November 2015, which was accepted by the court on the same day. The trial has not yet commenced.

Jindingxin Microfinance has downgraded the grading of Business Jet Company to “subordinate” grade of the five grading categories and made impairment provision for the full amount.

(3) Dispute between Jindingxin Microfinance and Qingxinda on breach of contract

On 14 April 2014, a loan agreement (Jindingxin 2014 Jie Zi No. 00056) was entered into between Jindingxin Microfinance and Qingdao Qingxinda Trade Co., Ltd. (hereinafter referred to as “Qingxinda”), pursuant to which Jindingxin Microfinance granted a loan in an amount of RMB15 million to Qingxinda. (the term of such loan was from 16 April 2014 to 15 October 2015). Since Qingxinda defaulted in repaying the principal and interest on the scheduled repayment date on 15 October 2014, Jindingxin Microfinance commenced legal proceedings in the People’s Court of the Shinan District of Qingdao against the borrower, Qingxinda, and the joint liability guarantors, Shandong Boxing Changhong Steel Plat Co., Ltd. (山東省博興縣長虹鋼板有限公司), WANG Yongqing, WANG Wei, WANG Qiang and WANG Zhong for recovery of approximately RMB14.1602 million (Qingxinda repaid an aggregated principal sum of RMB1.357 million from 26 November 2014 to 13 August 2015) on 11 January 2016. The court accepted the case on 11 January 2016 and froze the land properties under the name of Shandong Boxing Changhong Steel Plat Co., Ltd. on 19 February 2016. The trial has not yet commenced.

Jindingxin Microfinance has downgraded the grading of Qingxinda to “subordinate” grade of the five grading categories and made impairment provision for the full amount.

4. Disputes involving breach of contract cases under Zhongzheng Asset

Zhongzheng Asset Management (Shenzhen) Company Limited (中證資本管理(深圳)有限公司) (referred to as “Zhongzheng Asset”), a wholly-owned subsidiary of CITIC Futures, commenced legal proceedings in the People’s Court of Shenzhen Qianhai Cooperation Zone on 9 April 2015 against the counterparties to a thermal coal purchasing agency agreement for breach of contract and the case was accepted on the same date.

There are two proceedings in the claim. Litigation One: the defendant is Shanxi Jincheng Anthracite Mining Group International Trading Co., Ltd., and the amount claimed is RMB25.7140 million; Litigation Two: the defendants are Shanghai Gongxie Jingmao Development Limited, Shanghai Xingdi Inter Satellite Navigation Limited, Shanghai Renli Import and Export Co., Ltd., SHEN Xiaozhong, LI Min, SHEN Peng and ZHENG Xinnong, and the amount claimed is RMB45.3699 million. Shanghai Gongxie Jingmao Development Limited, the defendant in Litigation Two, is being sued for its voluntary undertaking of liabilities, whereas the other defendants are being sued on their guarantee liabilities. The defendants in Litigation Two assume joint liability in payment obligation with the defendant in Litigation One and the amount claim in Litigation One is included in the amount claimed in Litigation Two. In November 2015, the judgment of the court of first-instance by the People’s Court of Shenzhen Qianhai Cooperation Zone confirmed the legality of the debt obligations and the debtors in Zhongzheng Asset debt claims. Currently, the second trial of Litigation One is scheduled on 16 March 2016 at the Intermediate People’s Court of Shenzhen and no judgement has been made; the second trial of Litigation Two is scheduled on 8 April 2016 at the Intermediate People’s Court of Shenzhen.

5. Disputes involving GoldStone Investment and Jilin Yilai and between GoldStone Investment and Wuhan Hongjing for breach of contract

GoldStone Investment and Jilin Yilai Trading Company limited (吉林市億來商貿有限公司) (referred to as “Jilin Yilai”) entered into an equity transfer agreement on 4 November 2014 pursuant to which it was agreed that the 2.3909% equity interest held by GoldStone Investment in Connell Chemical Industry Company Limited was to be transferred to Jilin Yilai for a consideration of RMB71,481,322. As Jilin Yilai failed to pay the consideration in accordance with the equity transfer agreement which constituted a default under the agreement, and in order to safeguard its legitimate interests, GoldStone Investment brought an action in the Higher People’s Court of Jilin Province on 18 September 2015, for payment by Jilin Yilai of the amount payable on the equity transfer and for liquidated damages for breach of contract (amount calculated up 10 September 2015 for the time being) in a total sum of RMB76,906,754.43. The Higher People’s Court of Jilin Province notified GoldStone Investment of the acceptance of the case on 18 September 2015 and trial proceedings commenced on 17 November 2015. On 28 December 2015, the parties to the proceedings reached a settlement and signed a settlement agreement under the mediation of the court. According to the settlement agreement, Jilin Yilai should pay GoldStone Investment the sum for the equity transfer at RMB71,481,322 by 20 March 2016. As at 21 March 2016, Jilin Yilai paid RMB51,500,000 for the equity transfer with the remaining RMB19,981,322 to be paid.

On 31 March 2011, GoldStone Investment entered into an agreement with LU Shihai, the legal representative of Wuhan Hongjin Xulong New Material Co., Ltd (武漢泓錦旭隆新材料有限公司) (referred to as “Wuhan Hongjin”), for the purchase of the 4.04% equity interest held by LU Shihai in Wuhan Hongjin. LU Shihai undertook to compensate GoldStone Investment if Wuhan Hongjin fails to achieve the relevant performance targets. Since LU Shihai, in breach of the agreement defaulted in paying the compensation, GoldStone Investment filed a lawsuit on 8 October 2015 in the Intermediate People’s Court of Wuhan against LU Shihai for payment of compensation of RMB36,660,204.53. The case was accepted by the Wuhan Intermediate Court on 9 October 2015. Two hearings were held respectively on 26 November 2015 and 29 February 2016, but the defendant LU Shihai did not appear on both occasions. No judgement has been made by the court at present.

6. Dispute involving action by ZHANG Zhengchao against CITIC Futures Co. Ltd. for breach of futures brokerage contract

On 15 May 2015, ZHANG Zhengchao signed a futures brokerage agreement with CITIC Futures; on 8 July 2015, he held a total of 84 IH1509 contract. Due to the relatively fluctuating market in July 2015, CITIC Futures through its system and by way of telephone calls notified ZHANG Zhengchao to pay additional deposits or reduce positions in time. Under circumstance that ZHANG Zhengchao did not fulfil contractual obligation to deal with the risk of his own, CITIC Futures mandatorily liquidated 77 positions according to the agreement on 9 July 2015, by liquidating only the insufficient part of the positions available to client. After the liquidation, ZHANG Zhengchao filed a lawsuit in the Intermediate People’s Court of Qingdao alleging that CITIC Futures and its Qingdao Branch shall be liable for payment of all damages, and claiming compensation of RMB11,485,320 calculated in accordance with the differences between the high and low points with reference to the increased prices after mandatory liquidation. The Intermediate People’s Court of Qingdao heard the case on 18 January 2016 and 25 February 2016 respectively. No judgment has been made.

6.4.2 Punishment of the Company during the Year

1. ***Being imposed administrative supervision and management measures by the regulatory authority***

During the reporting period, in relation to the margin financing and securities lending business and the investment banking business, the Company was successively imposed administrative supervision and management measures by the CSRC, namely being ordered to suspend the opening of new margin financing and securities lending accounts for customers for a period of three months and to engage in dialogues with the supervisory and management authority. Meanwhile, in response to the administrative supervision and management measures, the Company has taken specific corrective measures. Please refer to the announcement published by the Company on 19 January 2015, and the Company’s 2014 Annual Report and 2015 Interim Report for details.

2. ***Investigation proceedings by the CSRC***

On 26 November 2015, the Company received an investigation notice (Ji Cha Zong Dui Diao Cha Tong Zi No.153121) from the CSRC, which stated: as the Company is suspected to have breached the relevant provisions of the Regulations on the Supervision and Administration of Securities Companies, CSRC has decided to initiate investigation proceedings against the Company. Based on the inquiry by the Company, the scope of the investigation is in relation to the Company’s suspected breach of Article 84 of the Regulations on the Supervision and Administration of Securities Companies, in the conduct of its margin financing and securities lending business by failing to execute business contracts with its customers in accordance with the relevant provisions. The Company attaches great importance and is actively cooperating with the relevant investigation since its commencement. Please refer to this results announcements published by the Company on 26 November 2015 and 29 November 2015 for details. As at the date of this results announcement, we have not yet received any investigation result from CSRC.

6.5 Punishment and Remedial Actions of a Listed Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, De Facto Controllers and Purchasers

1. Please refer to “6.4.2 Punishment of the Company during the Year” of this results announcement for details of punishment imposed on the Company.
2. Since 25 August 2015, several staff of the Company were requested to assist in the investigations or subject to the investigations by the public security authority. Currently, most of them have returned to work or home successively. Please refer to the information in the Company’s interim announcements relating to this matter.

6.6 Integrity of the largest shareholder of the Company during the Reporting Period

According to the knowledge of the Company, during 2015, CITIC Corporation Limited was not 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.

6.7 Material Related Party Transactions

6.7.1 Related Party/Connected Transactions in relation to Day-to-day Operation

The Group conducted 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 Group are mainly entered into with CITIC Corporation Limited and its controlling shareholder, CITIC Group, their subsidiaries and associates. As CITIC Corporation Limited is a substantial shareholder of the Company, hence CITIC Corporation Limited and its controlling shareholder, CITIC Group, their subsidiaries and associates are related/connected parties of the Company according to the SSE 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 together would form an integrated operation for the provision of comprehensive domestic and overseas financial services to clients. On the one hand, this is favorable for the expansion of the Group’s business and enhancement of its service level, and at the same time provides 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 the 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

1. 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 of those banks offered to other clients by CITIC Group, its subsidiaries and associates for the same type of deposits; 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 2015, 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 RMB305,969 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 RMB26,124 million.

In terms of the securities and financial services, as at 31 December 2015, ① the income that the Group received by providing securities and financial services to CITIC Group, its subsidiaries and associates amounted to RMB841 million, which did not exceed the annual cap of RMB2,500 million in 2015; ② the expenses payable by the Group for securities and financial services provided by CITIC Group, its subsidiaries and associates amounted to RMB94 million, which did not exceed the annual cap of RMB1,100 million in 2015. Details are set out below:

In RMB million

Subject matter	Annual cap for transactions in 2015	Actual Transaction amount in 2015	Percentage to total amount of similar transactions
1. Securities and Financial Products Transactions			
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	—	305,969.18	—
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	—	26,124.00	—
2. Securities and Financial Services			
Income: Securities and financial services provided by the Group to CITIC Group, its subsidiaries and associates	2,500.00	841.41	1.69%
Expense: Securities and financial services provided by CITIC Group, its subsidiaries and associates to the Group	1,100.00	93.61	0.54%

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 properties according to the relevant laws and regulations and the local fair market value as confirmed by 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 2015, ① the rental income received by the Group from lease of properties to CITIC Group or its subsidiaries or associates amounted to RMB6.12 million, which did not exceed the annual cap of RMB35 million in 2015; ② the rental expenses paid by the Group for lease of properties from CITIC Group or its subsidiaries or associates amounted to RMB40.93 million, which did not exceed the annual cap of RMB45 million in 2015. Details are set out below:

In RMB thousand

Subject matter	Annual cap for transactions in 2015	Actual Transaction amount in 2015	Percentage to total amount of similar transactions
Income: Lease of properties to CITIC Group or its subsidiaries or associates by the Group	35,000	6,122	7.19%
Expenses: Lease of properties from CITIC Group or its subsidiaries or associates by the Group	45,000	40,928	3.80%

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 2015, ① the income received by the Group by providing non-financial services to CITIC Group or its subsidiaries or associates amounted to RMB3.73 million, which did not exceed the annual cap of RMB5 million in 2015; ② the expenses paid by the Group for non-financial services provided by CITIC Group or its subsidiaries or associates amounted to RMB39.25 million, which did not exceed the annual cap of RMB110 million in 2015. Details of such transactions are set out below:

In RMB thousand

Subject matter	Annual cap for transactions in 2015	Actual Transaction amount in 2015	Percentage to total amount of similar transactions
Income: Non-financial services provided by the Group to CITIC Group or its subsidiaries or associates	5,000	3,734	0.11%
Expenses: Non-financial services provided by CITIC Group or its subsidiaries or associates to the Group	110,000	39,252	0.18%

The auditors appointed by 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 such discloseable continuing connected transactions have not been approved by the Board of the Company;
- 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 amounts for each of such continuing connect transactions specified in the appendix of the continuing connected transactions letter, nothing has come to its attention that may cause it to believe such discloseable continuing connected transactions have exceeded the annual transaction caps set by the Company.

2. Other Related Party Transactions under the SSE Listing Rules

According to the SSE 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 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 SSE 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 2015, which were considered and approved at the 2014 Annual General Meeting of the Company. New related party transactions have been approved under the corresponding procedures set out in the SSE Listing Rules according to the transaction amounts involved.

In RMB thousand

Related party/ counterparties	Subject matter	Estimated transaction amount in 2015	Actual transaction amount in 2015	Percentage to total amount of similar transactions (%)	Impact on profit of the Company
CITIC PE Fund	Fee income	30,550	2,556	0.01	2,556
CITIC PE Fund	Equity investment	300,000	—	—	—
CITIC PE Fund	Fee expense	50,000	68	less than 0.01	-68
CITIC PE Fund	Securities and financial products transactions	in actual amount	—	—	—
Qianhai Equity Exchange	Fee income	3,000	—	—	—
Qianhai Equity Exchange	Operating and administrative expenses	1,000	—	—	—
Qingdao Blue Ocean Equity Exchange	Fee income	200,000	13	less than 0.01	13
Qingdao Blue Ocean Equity Exchange	Operating and administrative expenses	1,000	—	—	—
Qingdao Blue Ocean Equity Exchange	Securities and financial products transactions	in actual amount	—	—	—
Xiamen Cross-strait Equity Exchange	Fee income	3,000	—	—	—
Xiamen Cross-strait Equity Exchange	Operating and administrative expenses	1,000	—	—	—
China Life Asset Management Company Limited	Fee income	6,000	—	—	—
China Life Asset Management Company Limited	Securities and financial products transactions	in actual amount	—	—	—
New China Life Insurance Company Co., Ltd.	Fee income	3,000	—	—	—
New China Life Insurance Company Co., Ltd.	Securities and financial products transactions	in actual amount	—	—	—
China Life Investment Holding Company Limited	Securities and financial products transactions	in actual amount	—	—	—
Sino-Ocean Land Holdings Limited	Fee income	46,000	—	—	—
Sino-Ocean Land Holdings Limited	Securities and financial products transactions	in actual amount	—	—	—
Changjiang Securities Company Limited	Fee income	500	—	—	—
Changjiang Securities Company Limited	Fee expense	4,300	2,398	0.01	-2,398
Changjiang Securities Company Limited	Securities and financial products transactions	in actual amount	1,610,000	—	-1,057
Nanjing Cuccess Pharmaceutical Co., Ltd.	Securities and financial products transactions	in actual amount	—	—	—

3. Events not disclosed in provisional announcements

In March 2015, the Company entered into the Entrusted Promotion Contract with Beijing Guoan for brand promotion and marketing by leveraging on Beijing Guoan's platform. The validity period of the contract is one year and the promotion and marketing fee for 2015 is RMB13 million. In order to better leverage Beijing Guoan's promotional platform and increase the Company's brand marketing efforts, the Company entered into the Supplemental Entrusted Promotion Contract with Beijing Guoan in August 2015, the validity period of which is for a term of half a year and the contract amount is increased from RMB13 million to range from RMB25 million to RMB29 million. The specific amount was finally determined at RMB25 million based on the performance of Beijing Guoan Football Club in the 2015 Season. As the transaction amount does not exceed 0.5% of the audited net asset value of the Company for the year 2014, and as the highest of the size test ratios is less than 0.1%, the related/connected party transaction could be entered into upon approved by more than half of the independent non-executive Directors of the Company. The independent non-executive Directors of the Company voted and unanimously approved on 4 March 2015 and 28 August 2015 respectively the resolution related to the above matter, and the relevant resolution has been submitted to the SSE.

In RMB thousand

connected party	Connected relationship	Type of connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Price of the connected transaction	Amount of the connected transaction	Percentage of amount of similar transaction (%)	Settlement method of the connected transaction	Market price	Reason for significant difference between transaction price and market reference price
Beijing Guoan	Subsidiary of shareholder	Other outflow	Brand promotion and marketing	Market principle	25,000	25,000	0.11	Cash	N/A	N/A
Total				/	/	25,000	0.11	/	/	/
Details of significant sales or return				N/A						
Description of related/connected transactions				<p>The above related/connected parties all have certain advantages in the relevant areas. Transactions conducted between the Company and the party facilitate the carrying out of the relevant businesses of the Company and facilitate the enhancement of shareholder return. The aforesaid related party/connected transactions were conducted by reference to the market prices, following the reasonable and fair pricing principle. The prices were neither higher nor lower than normal transaction prices and not detrimental to the interests of shareholders who were not related/connected parties.</p> <p>The aforesaid related party/connected transactions do not have any negative impact on the independence of the Company.</p> <p>The Company is not dependent on the related/connected parties.</p>						

6.7.2 Connected transactions in relation to purchase and sale of assets or equity interests

In HKD thousand

Connected party	Connected relationship	Type of connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Carrying value of the transferred asset	Appraisal value of the transferred asset	Transfer price	Settlement method of the connected transaction	Revenue from the transfer of asset	Effect of the transaction on the operating results and financial condition of the Company	Reason for significant difference between transaction price and carrying value or appraisal price and fair market value
CITIC Trust	Subsidiary of shareholder	Transfer of equity interest	Transfer of equity interest	Asset appraisal	37,432	37,432	37,432	Cash	-11,450	No material effect	Due to loss incurred in prior periods, the carrying value is lower than the original value and was transferred at the appraised value. (Moreover, the transfer price of the equity interest was adjusted upward according to the fund invested by CITIC Trust in CTI Capital, which adjustment amount was HK\$2,441,992. Such adjustment was stated in the Administration and Consultation Service Agreement entered into between CITIC Trust and CTI Capital, which is part of the Equity Interest Transfer Agreement).

Description of connected transactions in relation to purchase and sale of assets: CSI, a wholly-owned subsidiary of the Company, transferred the 49% equity interest held by it in CTI Capital Management Limited (“CTI Capital”) to CITIC Trust at a consideration of HK\$37,431,758. (Moreover, the transfer price of the equity interest was adjusted upward according to the fund invested by CITIC Trust in CTI Capital, which adjustment amount was HK\$2,441,992. Such adjustment was stated in the Administration and Consultation Service Agreement entered into between CITIC Trust and CTI Capital, which is part of the Equity Interest Transfer Agreement). Such transfer was completed on 30 October 2015 and CTI Capital is, upon completion, wholly owned by CITIC Trust. As CITIC Trust is a wholly-owned subsidiary of CITIC Limited, which is the sole shareholder of CITIC Corporation Limited, the largest shareholder of the Company, hence CITIC Trust is a related/connected party of the Company and the transaction constituted a related party/connected transaction of the Company. Since the transaction amount did not exceed 0.5% of the audited net assets of the Company for the year 2014, and the percentage ratio of the relevant maximum scale test of the relevant transaction was less than 0.1%, such related/connected transaction could be conducted with the consent of more than half of the Independent Non-executive Directors. On 16 October 2015, the independent non-executive Directors of the Company voted on and unanimously approved the resolution related to the above matter, and the relevant resolution has been submitted to the SSE.

6.7.3 Significant related/connected party transactions of joint external investments

In RMB '000

Joint investor	Relationship with related party	Name of investee	Principal business of investee	Registered capital of investee	Total assets of investee	Net assets of investee	Net profit of investee	Progress of significant project under construction of the investee
Yangzhou Xintai Property Development Company Limited	Shareholder-subsidiary	CITIC GoldStone (Tianjin) Fund Management Company Limited	fund investment and management of commercial properties	50,000	39,760	39,760	-240	Nil

During the reporting period, GoldStone Fund, an indirect wholly-owned subsidiary of the Company, and Yangzhou Xintai Property Development Company Limited, an indirect wholly-owned subsidiary of CITIC Pacific Limited, jointly established CITIC GoldStone (Tianjin) Fund Management Company Limited to cooperate in the business of fund investment and management of commercial properties with each party contributing RMB20 million. On 27 August 2015, CITIC GoldStone (Tianjin) Fund Management Company Limited was established. (Note: The registered capital is RMB50 million, of which RMB40 million has been paid by the parties and the remaining investment amount of RMB10 million would be contributed and held by the operation management team.)

As CITIC Pacific is a wholly-owned subsidiary of CITIC Limited, the single shareholder of CITIC Corporation Limited, and as CITIC Corporation Limited is the largest shareholder of the Company, CITIC Pacific is a related/connected party of the Company. Therefore, such transaction constitutes a related party/connected transaction. As the transaction amount did not exceed 0.5% of the audited net assets of the Company for 2014 and the highest applicable size test percentage ratio in relation to such transactions under the Hong Kong Listing Rules was less than 0.1%, such related party/connected transactions could be conducted upon approval of a majority of independent non-executive Directors. On 8 June 2015, the independent non-executive Directors of the Company voted on and unanimously approved the resolution related to the above matter, and the relevant resolution has been submitted to the SSE.

6.7.4 Debts of Related Parties

In RMB

Related party	Relationship	Funds provided to related parties by the Company			Funds provided to the Company by related parties		
		Balance at the beginning of the period	Amount provided	Balance at the end of the period	Balance at the beginning of the period	Amount provided	Balance at the end of the period
CITIC Bank	subsidiary of the shareholder	315,774.75	395,352.00	711,126.75	822,435.20	745,766.14	1,568,201.34
CITIC Bank	subsidiary of the shareholder	—	1,813.85	1,813.85	2,269,395.85	-1,916,045.76	353,350.09
CITIC Pacific Limited	subsidiary of the shareholder	—	335,108.49	335,108.49	—	—	—
CITIC Industrial Investment Group Corporation Limited	subsidiary of the shareholder	—	292,244.58	292,244.58	—	—	—
CITIC Construction Co., Ltd.	subsidiary of the shareholder	—	519,423.60	519,423.60	—	—	—
Beijing CITIC Investment Limited	subsidiary of the shareholder	—	—	—	103,295.37	41,823.21	145,118.58
CITIC Real Estate	subsidiary of the shareholder	—	—	—	150,000.00	-150,000.00	—
Total		315,774.75	1,543,942.52	1,859,717.27	3,345,126.42	-1,278,456.41	2,066,670.01
Reasons for the debt relationship with related parties		Mainly are security deposits for property leases; entrustment fees payable to related/connected parties by the Company.					
Effect of debts of related parties on the Company		The above related/connected debts did not have adverse effect on the operating results and financial conditions of the Company.					

6.7.5 Guarantees provided by related/connected parties to the Company

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. The guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group. As at 31 December 2015, the guarantee provided by CITIC Corporation Limited to the Company amounted to a total of RMB1,500 million.

6.7.6 Opinions of independent non-executive Directors

The aforesaid related party/connected transactions were conducted at market prices based on 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.

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 to determine 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.

During the reporting period, there were no other related party/connected transactions relating to the disposal or acquisition of the Group's assets, nor any other related party/connected transaction related to joint external investment.

6.8 Guarantees

During the reporting period, the total amount provided for guarantees to subsidiaries by the Company and its subsidiaries was RMB14,784 million. As at the end of the reporting period, the total balance of guarantees provided to subsidiaries by the Company and its subsidiaries was RMB24,228 million. The balance of guarantees (including guarantees provided by the Company and its subsidiaries) provided by the Company was RMB30,085 million, representing 21.62% of the audited net assets of the Company for the year 2015.

(1) 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 favour of Bank of China in relation to the standby letter of credit issued by Bank of China Macau Branch in respect of the first tranche of offshore bonds issued by the Company's subsidiary, CITIC Securities Finance 2013, for an amount of the counter guarantee of USD902 million (equivalent to approximately RMB5,857 million), covering the principal, interest and related fees of the bonds. The guarantee is a joint liability guarantee, which will expire at the end of six months from the expiration date of the standby letter of credit.

In 2014, according to the resolution of the 2013 Annual General Meeting, the duly authorized small group approved the provision of 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 indirect 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.

During the reporting period, CITIC Securities Finance MTN made eight drawdowns under the medium-term notes program with an issue size amounting to USD439.68 million in aggregate, which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis.

In 2015, the Company provided security guarantee in favor of the GoldStone ZeXin, its wholly-owned subsidiary, in its application for fixed asset loans and the amount of guarantee was RMB5,000 million.

(2) Guarantees Provided by Controlling Subsidiaries

During the reporting period, among all the controlling subsidiaries of the Company, only CSI and its wholly-owned subsidiary CITIC CLSA Limited had provided guarantees. All those guarantees were provided in favour of their relevant subsidiaries for their business operations, 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. As at 31 December 2015, the amount of guarantee was approximately RMB12,152 million.

6.9 Other Significant Events and Subsequent Events

6.9.1 Changes to the Branches for Securities Operation

The Company

During the reporting period, the Company established 44 new securities branches, completed the consolidation by merger of CITIC Securities (Zhejiang), changed the Shenzhen Headquarters Branch to Shenzhen Branch, changed the Shenyang Fuda Road Branch to Northeast Branch and completed the same-city relocation of Jiangsu Branch. In addition, the Company closed one securities branch, namely Shangrao Country Qiliu Road Branch. Currently, the Company has 194 securities branches.

No.	Name of New Securities Branches	Address of New Securities Branches
1	Beijing Jinrong Dajie Street Branch	Unit 107, 1st floor, 35 Jinrongdajie Street, Xicheng District, Beijing
2	Beijing Jianguo Road Branch	Room 306-1 within Room 101, 3rd floor, No.5 Building, No.98 Yard, Jianguo Road, Chaoyang District, Beijing
3	Beijing Jianwai Dajie Street Branch	Room BCD, 20th floor, No.1 Building, 19 Jianguo Menwai Street, Chaoyang District, Beijing
4	Beijing Sanyuanqiao Branch	Unit 102, No.16 Building, No.5 Yard, Shuguang XiliJia, Chaoyang District, Beijing
5	Beijing Beiyuan Branch	1-015, 1st floor, Tower C, Tianlangyuan, Chaoyang District, Beijing
6	Beijing East Zhongguancun Road Branch	Unit 503B & 807B, Tower AB, Dongsheng Building, 8 East Zhongguancun Road, Haidian District, Beijing
7	Tianjin Huanghe Road Branch	No. 34 Building, Gediao Chuantian Huayuan, Southwest side of cross between Huanghe Road and Guangkai Simalu Road, Nankai District, Tianjin
8	Tianjin Binhai New District Huanghai Road Branch	Ground Shop, Building F, Yujing Yuandi, 10 Dierdajie Street, Tianjin Economic and Technology Development Area
9	Cangzhou West Jiefang Road Branch	Room 401, Yihe Mansion, West Jiefang Road, Yunhe District, Cangzhou, Hebei
10	Datong West Yuhe Road Branch	7th floor, Unit 4, No. 1 Building, Yuhudijing, West Yuhe Road, Datong, Shanxi
11	Xian Weiyang Road Branch	Room 1006, Unit 1, No.1 Building, Jingfa International Mansion, 132 Weiyang Road, Xian Economic and Technological Development Zone, Shaanxi
12	Lanzhou Xijin Road Branch	Securities Branch, East Xijin Road, Qilihe District, Lanzhou, Gansu
13	Harbin Hongqi Dajie Street Branch	3rd floor, CITIC Mansion, 236 Hongqi Dajie Street, Nangang District, Harbin, Heilongjiang
14	Dalian Jinma Road Branch	7#-4 Public Building, Chengrunwanjia, Dalian Economic and Technology Development Area, Liaoning
15	Dalian East Renmin Road Branch	D03-1, West District of Dalian Port, East Renmin Road, Zhongshan District, Dalian, Liaoning
16	Shanghai South Ruijin Road Branch	Room 5H, 1 South Ruijin Road, Huangpu District, Shanghai
17	Shanghai Wujiaochang Branch	Room 307 & 308A, 333 Songhu Road, Yangpu District, Shanghai
18	Shanghai WorldFinancialCenter Branch	Room T53, 63rd floor, 100 Shiji Dadao Road, China (Shanghai) Pilot Free Trade Zone
19	Nanjing Lushan Road Branch	Room 1004, 168 Lushan Road, Jianye District, Nanjing, Jiangsu
20	Suzhou Wujiang Wenyuan Road Branch	178 Wenyuan Road, Songling Town, Wujiang District, Suzhou, Jiangsu

No.	Name of New Securities Branches	Address of New Securities Branches
21	Kunshan Qianjin Road Branch	270 Qianjin Zhonglu Road, Kunshan Development District, Suzhou, Jiangsu
22	Changshu North Haiyubei Road Branch	No.48-1 North Haiyubei Road, Changshu, Jiangsu
23	Changzhou Hi-Tech Park Branch	Room 201, Tower E, No.3 Building, Hi-tech Park, Xinbei District, Changzhou, Jiangsu
24	Hangzhou Moganshan Road Branch	1 & 3 Moganshan Road, Xihu District, Hangzhou, Zhejiang
25	Hangzhou Gudun Road 2nd Branch	Room 101-5, No.1 Building, 598 Gudun Road, Xihu District, Hangzhou, Zhejiang
26	Hangzhou Jinhua Road Branch	Zone E, No.1 Building, 58 Jinhua Road, Hangzhou, Zhejiang
27	Hangzhou Xintang Road Branch	Weilan Apartment, 159 East Fengqi Road, Jianggan District, Hangzhou, Zhejiang
28	Hangzhou Yuhuangshannan Jijinxiaozhen Branch	20 Baiyun Road, Shangcheng District, Hangzhou, Zhejiang
29	Hangzhou Youyi Road Branch	392 Youyi Road, Guali Town, Xiaoshan District, Hangzhou, Zhejiang
30	Ningbo South Daqing Road Branch	(10-2)-(10-6), No. 13 Building, No. 18 Zuanshi Plaza, Jiangbei District, Ningbo, Zhejiang
31	Ninghai North Qixiang Road Branch	586 & 588 North Qixiang Road, Taoyuan Street, Ninghai Country, Ningbo, Zhejiang
32	Yuhuan Shuanggang Road Branch	Floor 1-2, Talent Apartment B, 187 Shuanggang Road, Yucheng Street, Yuhuan Country, Taizhou, Zhejiang
33	Ruian Gongruishan Road Branch	432 & 434 Gongruishan Road, Anyang Street, Ruian, Zhejiang
34	Zhuji Diankou Shengli Road Branch	Room 1372, No.67 Building, Eastern China Auto Parts & Water Heating City, Shengli Road, Diankou Town, Zhuji, Zhejiang
35	Guangzhou Huacheng Plaza Branch	Room 906B & 906C, Grand International Mansion, Huacheng Plaza, 17 West Zhujiang Road, Tianhe District, Guangzhou, Guangdong
36	Zhongshan Xiaolan Branch	2nd floor, 52 North Guangyuan Road, Xiaolan Town, Zhongshan, Guangdong
37	Foshan Shunde Ronggui Branch	Shop107-109, 11 North Lean Road, Ronggui Rongshan Residential Committee, Shunde District, Foshan, Guangdong
38	Jinjiang Changxing Road Branch	Room 708 & 709, Mingxin Wealth Centre, 222 Changxing Road, Qingyang Street, Jinjiang, Fujian
39	Wuhan Dongwu Dadao Road Branch	Te 1 (6), Liushun Road, Dongxihu, Wuhan, Hubei
40	Wuhan Shuiguohu Branch	9 Bayi Road, Wuchang District, Wuhan, Hubei
41	Changsha Yueludadao Road Branch	Room 820, No.6 Building, Lvdi Shidai Plaza, 31 Yinshan Road, Yuelu District, Changsha, Hunan
42	Chengdu South Renmin Road Branch	Rooms 603 & 604, 6th floor, No.2 Building, Pingan Wealth Centre, 1 South Renmin Road, Wuhou District, Chengdu, Sichuan
43	Chengdu Wuhou Dadao Road Branch	Room 1001, 10th floor, No.2 Building, 3 Jialing Road, Wuhou District, Chengdu, Sichuan
44	Mianyang Linyuan Road Branch	1-1-4, 5 West Linyuan Road, Fucheng District, Mianyang, Sichuan

No.	Name of New Branches	Address of New Branches
1	Shenzhen Branch	12th floor, Times Square Excellence II, 8 Zhongxinsan Road, Futian District, Shenzhen, Guangdong (former Shenzhen Headquarters Branch)
2	Northeast Branch	335 Fengtian Street, Shenhe District, Shenyang, Liaoning (former Shenyang Fuda Road Branch)
3	Zhejiang Branch	Room 2201, 2202, 2203, 2204, Dikai Yinzuo, 29 East Jiefang Road, Hangzhou, Zhejiang

In addition, the Company's Jiangsu Branch was relocated from "5 Gaoloumen, Xuanwu District, Nanjing" to "10th floor, Xindi Centre II, 168 Lushan Road, Jianye District, Nanjing" during the reporting period.

CITIC Securities (Shandong)

During the reporting period, CITIC Securities (Shandong) established a new branch, namely Zibo Branch; established 9 new securities branches, namely Jinan Luanyuan Street securities branch, Qingdao Huangdao District Changjiang Zhonglu Road securities branch, Weihai Qingdao Zhonglu Road securities branch, Yantai Development District securities branch, Zhengzhou Jiangsan Road securities branch, Zibo Shiji Road securities branch, Linyi Yinqueshan Road securities branch, Qingdao Jiading Road securities branch and Jining Guhuai Road securities branch; and closed three securities branches, namely Changyi Beihai Road securities branch, Anqiu Xiangyang Road securities branch and Yucheng Xingzheng Street securities branch. Currently, CITIC Securities (Shandong) has 63 securities branches and two branches.

CITIC Futures

During the reporting period, CITIC Futures established three branches, namely Kunming Branch, Shanghai Branch and Beijing Branch; Hangzhou Fengqi Road Branch was changed to Zhejiang Branch and Shenzhen Branch was changed to Southern China Branch; and closed three branches, namely Jiaozuo Branch, Jilin Branch and Liuzhou Branch, among which Liuzhou Branch completed the deregistration of licenses on 5 January 2016. Currently, CITIC Futures has 4 regional offices and 39 securities sales branches.

CSI

During the reporting period, there were no changes in the branches of CSI. Currently, CSI has four branches.

6.9.2 Others

1. Acquisition of 59.04% equity interest in KVB Kunlun Financial

In order to speed up the development of foreign exchange business and build up a foreign exchange platform, the 33rd Meeting of the Fifth Session of the Board considered and approved the signing of a conditional Share Transfer Agreement by the Company with KVB Holdings on 29 January 2015 to acquire the 1.2 billion shares (representing 60% of the issued share capital in KVB Kunlun Financial as at the same date) held by it in KVB Kunlun Financial. KVB Kunlun Financial was a company listed on the Growth Enterprise Market (GEM) (stock code: 8077) of the Hong Kong Stock Exchange and, KVB Holdings was its controlling shareholder.

According to the Share Transfer Agreement, the Company nominated its wholly-owned subsidiary, CITIC Securities Overseas Investment Company Limited (“CITIC Securities Overseas Investment”), as the purchaser for the acquisition. As at 29 May 2015, all conditions precedent of the Share Transfer Agreement were satisfied, 1.2 billion shares of KVB Kunlun Financial (representing approximately 59.37% of the issued share capital of KVB Kunlun Financial as at the same date) were transferred to CITIC Securities Overseas Investment on the same date, and the consideration of HK\$780 million (equivalent to HK\$0.65 per share) for the acquisition was duly paid. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code of Hong Kong, CITIC Securities Corporate Finance (HK) Limited on behalf of the offeror, CITIC Securities Overseas Investment, made a general offer to other shareholders (except KVB Holdings) of KVB Kunlun Financial on 5 June 2015 at the offer price of HK\$0.65 per share. The offer of the acquisition ended at 4:00 p.m. on 26 June 2015, as at that point in time, the offeror, CITIC Securities Overseas Investment, had received valid acceptance in respect of 310,001 shares of KVB Kunlun Financial pursuant to the share offer and a total amount of HK\$201,500.65 of consideration for the acquisition offer was paid. The number of shares in KVB Kunlun Financial held by CITIC Securities Overseas Investment increased to 1,200,310,001 shares, representing approximately 59.04% of the then issued share capital of KVB Kunlun Financial as on the same date.

2. Commencement of Income Swap Business between the Company and China Securities Finance Corporation Limited

The Board of the Company agreed on 6 July 2015 and 1 September 2015 respectively that within the authorized proprietary investment amount for 2015 as approved by the Company’s general meeting, the Company shall commence income swap business with China Securities Finance Corporation Limited, and the investment amounts of RMB15,674.86 million and RMB5,434.09 million were made successively (the aggregate amount of the investment was RMB21,108.95 million, representing 20% of the net assets of the parent company as at 31 July 2015).

3. Transfer of 90 million shares in CITIC Real Estate held by GoldStone Investment

On 8 January 2016, at the 47th Meeting of the 5th Session of the Board of the Company considered and approved the Proposal on the Transfer of Shares of CITIC Real Estate Co., Ltd. held by GoldStone Investment Co., Ltd., a Wholly-owned Subsidiary of the Company, which GoldStone Investment, a wholly-owned subsidiary of the Company transferred 90,000,000 shares held by it in CITIC Real Estate, (representing a shareholding of 1.325%) to CITIC Corporation Limited at a price of RMB344,965,586.55. GoldStone Investment entered into the Equity Transfer Agreement with CITIC Real Estate on the same date. Such transfer was completed on 23 February 2016. Upon the completion of the Equity Transfer, GoldStone Investment no longer held any equity interest in CITIC Real Estate. This transaction constituted a related/connected transaction. The Company has performed relevant approval procedures. For details please refer to the announcement published by the Company on 8 January 2016.

7. CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

7.1 The share capital structure of the Company as at 31 December 2015 was as follows:

Name of shareholders	Type of Shares	Number of Shares (Shares)	Percentage of the total number of Shares (%)
CITIC Group ^{Note}	A Shares	1,888,758,875	15.59
Public holders of A Shares	A Shares	7,949,821,825	65.61
Public holders of H Shares	H Shares	2,278,327,700	18.80
Total	—	12,116,908,400	100.00

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

7.2 Description of Changes in Ordinary Shares

On 16 February 2015, the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting of the Company considered and approved the Resolution on Listing of H Shares by way of non-public Issuance by the Company on The Stock Exchange of Hong Kong Limited. Upon approvals by the CRSC and Hong Kong Stock Exchange, the Company completed the issue of 1,100,000,000 H Shares on 23 June 2015 and such shares were listed on the Hong Kong Stock Exchange on the same date. Upon completion of such issue, the total number of the Company's Shares increased from 11,016,908,400 Shares to 12,116,908,400 Shares and the number of A Shares remained unchanged at 9,838,580,700 Shares and the number of H Shares increased from 1,178,327,700 Shares to 2,278,327,700 Shares.

In addition, on 25 August 2015, the Resolution on Listing of H Shares to be Placed to National Council for Social Security Fund on the Stock Exchange of Hong Kong Limited was considered and approved at the 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting, respectively, and agreed that the Company would issue 640,000,000 H Shares to the NSSF by way of placement at the issue price of HK\$18 per share. Approvals from the CSRC and other relevant authorities are required before formal implementation of the share issue. The Company will publish a separate announcement if there is any subsequent change.

7.3 Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per share of the latest year

Based on the total number of 11,016,908,400 Shares prior to the non-public issuance of H Shares, the earnings per share and net assets per Share of the Company for 2015 were RMB1.80 and RMB12.63, respectively. Calculated based on the total number of 12,116,908,400 Shares after completion of the non-public issuance of H Shares, the earnings per Share and net assets per Share of the Company for 2015 are RMB1.63 and RMB11.48, respectively.

7.4 Issue of Securities in the Last Three Years

Currency: RMB

Type of shares and derivative securities	Date of issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Closing date of trading
Ordinary shares						
H shares	23 June 2015	HK\$24.6	1,100,000,000 shares	23 June 2015	1,100,000,000 shares	
Corporate bonds						
US\$-denominated bonds	3 May 2013	2.50%	US\$800 million	6 May 2013	US\$800 million	3 May 2018
RMB-denominated bonds	14 June 2013	4.65%	RMB3.0 billion	28 June 2013	RMB3.0 billion	7 June 2018
RMB-denominated bonds	14 June 2013	5.05%	RMB12 billion	28 June 2013	RMB12 billion	7 June 2023
RMB-denominated bonds	7 August 2013	5.00%	RMB5.0 billion	23 August 2013	RMB5.0 billion	5 August 2016
RMB-denominated subordinated bonds	28 April 2014	5.90%	RMB6.0 billion	13 June 2014	RMB6.0 billion	28 April 2015
RMB-denominated subordinated bonds	24 October 2014	5.65%	RMB7.0 billion	5 November 2014	RMB7.0 billion	24 October 2019
US\$-denominated medium-term notes	30 October 2014	3.5%	US\$650 million	31 October 2014	US\$650 million	30 October 2019
Securities companies' short-term corporate bonds	15 December 2014	5.50%	RMB8.0 billion	5 January 2015	RMB8.0 billion	15 December 2015
RMB-denominated subordinated bonds	16 March 2015	5.50%	RMB11.5 billion	14 April 2015	RMB11.5 billion	16 March 2020
US\$-denominated medium-term notes	16 March 2015	1.60%	US\$50 million	—	US\$50 million	30 September 2015
US\$-denominated medium-term notes	21 April 2015	0.80%	US\$100 million	—	US\$100 million	21 July 2015
US\$-denominated medium-term notes	7 May 2015	0.80%	US\$50 million	—	US\$50 million	7 August 2015
US\$-denominated medium-term notes	13 May 2015	0.80%	US\$26.4 million	—	US\$26.4 million	13 August 2015
US\$-denominated medium-term notes	13 May 2015	1.00%	US\$88.28 million	—	US\$88.28 million	13 November 2015
US\$-denominated medium-term notes	14 May 2015	1.00%	US\$50 million	—	US\$50 million	14 November 2015
US\$-denominated medium-term notes	2 June 2015	1.00%	US\$50 million	—	US\$50 million	2 December 2015
RMB-denominated bonds	25 June 2015	4.60%	RMB5.5 billion	30 July 2015	RMB5.5 billion	25 June 2020
RMB-denominated bonds	25 June 2015	5.10%	RMB2.5 billion	30 July 2015	RMB2.5 billion	25 June 2025
RMB-denominated subordinated bonds	16 July 2015	5.00%	RMB8.5 billion	28 August 2015	RMB8.5 billion	16 July 2020
US\$-denominated medium-term notes	20 August 2015	0.90%	US\$25 million	—	US\$25 million	20 November 2015
Securities companies' short-term corporate bonds	27 October 2015	3.90%	RMB8.0 billion	23 November 2015	RMB8.0 billion	27 October 2016

Description of issue of securities during the reporting period:

1. Pursuant to the Resolution on the Special Mandate to Issue Overseas Listed Foreign Shares (H Shares) which was considered and approved at the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting, respectively, the Company made a non-public issuance of 1,100,000,000 H Shares on 23 June 2015, total proceeds amounted to approximately HK\$27,060 million, after the deduction of the relevant commissions and expenses, the net proceeds amounted to approximately HK\$26,784 million.
2. Pursuant to the Resolution on the General Mandate to Issue Onshore and Offshore Corporate Debt Financing Instruments by the Company approved at the 2013 First Extraordinary General Meeting of the Company, the Company and its subsidiaries issued US\$-denominated bonds and RMB-denominated bonds, RMB-denominated subordinated bonds, securities companies' short-term corporate bonds and beneficiary certificates in 2013, 2014 and 2015, details of which are set out as follows:
 - (1) CITIC Securities Finance 2013, an indirect wholly-owned subsidiary of the Company, issued the US\$-denominated bonds, for a term of five years with an offering size of USD800 million at a coupon rate of 2.5%, which were listed on the Hong Kong Stock Exchange on 6 May 2013.
 - (2) The Company issued the RMB-denominated bonds, RMB-denominated subordinated bonds, securities companies' short-term corporate bonds and beneficiary certificates, particulars of which are as follows:

The Company issued two tranches of RMB-denominated bonds in 2013. The first tranche of the RMB-denominated bonds in 2013 were divided into two categories, the issuance of which was completed on 14 June 2013 and were listed on the SSE on 28 June 2013. Of which, the issuance size of the five-year category was RMB3.0 billion at a coupon rate of 4.65%, and the issuance size of the ten-year category was RMB12.0 billion at a coupon rate of 5.05%. The issuance of the second tranche of the RMB-denominated bonds in 2013 was completed on 7 August 2013 with an issuance size of RMB5.0 billion at a coupon rate of 5% for a term of three years, and was listed on the SSE on 23 August 2013.

The Company issued two tranches of RMB-denominated subordinated bonds in 2014. The issuance of the first tranche of RMB-denominated subordinated bonds in 2014 was completed on 28 April 2014, with a size of RMB6.0 billion, a coupon rate of 5.9% and a term of four years, together with an option to call for redemption by the issuer at the end of the first year, and it was listed on the SSE on 13 June 2014 (the Company redeemed all the subordinated bonds issued under those tranches on 28 April 2015. Please refer to the 2015 first quarterly report of the Company). The issuance of the second tranche of RMB-denominated subordinated bonds in 2014 was completed on 24 October 2014, with a size of RMB7.0 billion, a coupon rate of 5.65% and a term of five years, together with an option to call for redemption by the issuer at the end of the second year, and it was listed on the SSE on 5 November 2014.

The Company issued one tranche of securities companies' short-term corporate bonds on 27 October 2015, with a size of RMB8.0 billion, a coupon rate of 3.9% and a term of one year, and it was listed on the SSE on 23 November 2015.

In 2015, the Company issued a total of 57 tranches of beneficiary certificates on the OTC market pursuant to the above mandate with a total size of RMB9,958 million.

3. 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 and its subsidiaries issued offshore medium-term notes, securities companies' short-term corporate bonds, beneficiary certificates, RMB-denominated bonds and RMB-denominated subordinated bonds in 2014 and 2015, details of which are as follows:
 - (1) Offshore medium-term bonds: the issuer of such bonds was CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company, and established a guaranteed offshore medium-term note program in an aggregate principal amount of up to USD3 billion (or its equivalent in other currencies) on 17 October 2014, which carried out the first drawdown on 23 October 2014 and issued the medium-term notes in an aggregate nominal amount of USD650 million on 30 October 2014, which was unconditionally and irrevocably guaranteed by the Company on a joint and several basis, with a coupon rate of 3.5%, which were listed on the Hong Kong Stock Exchange on 31 October 2014. In addition, the Company issued eight tranches of US\$-denominated medium-term notes with a total size of US\$439.68 million through private placements in 2015, for which the Company provided unconditional and irrevocable guarantee on a joint and several basis.
 - (2) Short-term corporate bonds: the issuer of such bonds was the Company. The issuance of the 2014 first tranche of the short-term corporate bonds was completed on 15 December 2014, with a size of RMB8,000 million at a coupon rate of 5.50% and a term of one year and which was listed on the SSE on 5 January 2015 (the Company repaid the full amount on 15 December 2015 and the bonds were terminated on that date).
 - (3) Beneficiary certificates: the issuer of such beneficiary certificates was the Company. Pursuant to the above authorization, the Company issued a total of 13 tranches of beneficiary certificates on the OTC market in 2014 with a total size of RMB2,860 million and issued 101 tranches of beneficiary certificates in 2015 with a total size of RMB17,887 million.
 - (4) On 16 March 2015, the Company issued the 2015 first tranche of RMB-denominated subordinated bonds with a size of RMB11,500 million, a coupon rate of 5.5% and a term of five years, with an option to call for redemption by the issuer at the end of the third year and which were listed on the SSE on 14 April 2015.
 - (5) On 25 June 2015, the Company issued a tranche of RMB-denominated bonds which were listed on the SSE on 30 July 2015. This tranche of bonds are classified into two categories, of which, the five-year category had a size of RMB5.5 billion and a coupon rate of 4.6%, and the ten-year category had a size of RMB2.5 billion and a coupon rate of 5.1%.

4. Pursuant to the Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company considered and passed at the 2014 Annual General Meeting of the Company, the Company issued 130 tranches of beneficiary certificates in 2015 with a total size of RMB19,576 million (as at 31 December 2015, the outstanding amount of such beneficiary certificates amounted to RMB12,786 million). On 16 July 2015, the Company issued the 2015 second tranche of RMB-denominated subordinated bonds with a size of RMB8,500 million, a coupon rate of 5.0% and a term of five years, with an option to call for redemption by the issuer at the end of the third year and which were listed on the SSE on 28 August 2015.
5. Pursuant to the resolution adopted at the 1st Meeting of the 5th Session of the Board, the resolution adopted at the 2011 Annual General Meeting, the resolution adopted at the 17th Meeting of the 5th Session of the Board and the resolution adopted at the 2013 3rd Extraordinary General Meeting of the Company and with the approval from the People's Bank of China, the Company issued a total of 11 tranches of commercial papers in 2013 with a total size of RMB50 billion; a total of 10 tranches of commercial papers in 2014 with a total size of RMB46 billion; and a total of eight tranches of commercial papers in 2015 with a total size of RMB40.8 billion, each with a term of 91 days. As at 31 December 2015, the outstanding amount of commercial papers of the Company had been repaid.

As at the date of disclosure of this results announcement, 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. Details of the relevant follow-up ratings are as follows:

Date of Rating Report	Rating Agency	Rating Report	Rating
3 February 2015	China Chengxin International Credit Rating Co. Ltd.	Credit Rating Report on the Non-public Offering of the 2015 Subordinated Bonds (Tranche 1) by CITIC Securities Company Limited	The credit rating for the non-public offering of the 2015 Subordinated Bonds (Tranche 1) by CITIC Securities is AA+ and the corporate credit rating is AAA with a stable rating outlook
27 March 2015	Dagong Global Credit Rating Co., Ltd.	Credit Rating Report on the 2015 Commercial Papers of CITIC Securities Company Limited	The corporate credit rating of CITIC Securities is AAA with a stable rating outlook and the credit rating for bonds is A-1
27 April 2015	China Chengxin International Credit Rating Co. Ltd.	Follow-up Rating Report on the 2015 Subordinated Bonds of CITIC Securities Company Limited	The corporate credit rating maintained at AAA with a stable outlook; and the credit rating for the 2014 First Tranche and 2014 Second Tranche of Subordinated Bonds maintained at AA+
28 April 2015	Dagong Global Credit Rating Co., Ltd.	Follow-up Rating Report on the 2006 Securities Companies' Bonds of CITIC Securities Company Limited	The credit rating for the 2006 Securities Companies' Bonds of CITIC Securities maintained at AAA and the corporate credit rating maintained at AAA with stable rating outlook
29 April 2015	China Chengxin Securities Rating Co., Ltd.	Credit Rating Report on the 2015 Corporate Bonds of CITIC Securities Company Limited	The credit rating for the 2015 Corporate Bonds of CITIC Securities is AAA and the corporate credit rating is AAA with stable rating outlook
20 May 2015	China Chengxin Securities Rating Co., Ltd.	Follow-up Credit Rating Report on the 2013 Corporate Bonds (Tranche 1) of CITIC Securities Company Limited (2015)	The credit rating for the 2013 Corporate Bonds (Tranche 1) of CITIC Securities maintained at AAA and the corporate credit rating maintained at AAA with stable rating outlook
20 May 2015	China Chengxin Securities Rating Co., Ltd.	Follow-up Credit Rating Report on the 2013 Corporate Bonds (Tranche 2) of CITIC Securities Company Limited (2015)	The credit rating for the 2013 Corporate Bonds (Tranche 2) of CITIC Securities maintained at AAA and the corporate credit rating maintained at AAA with stable rating outlook

Date of Rating Report	Rating Agency	Rating Report	Rating
15 June 2015	Dagong Global Credit Rating Co., Ltd.	Follow-up Credit Rating Report on the 2014 Short-term Corporate Bonds (Tranche 1) of CITIC Securities Company Limited	The credit rating for the 2014 Short-term Corporate Bonds (Tranche 1) of CITIC Securities maintained at AAA and the corporate credit rating maintained at AAA with stable rating outlook
15 July 2015	China Chengxin Securities Rating Co., Ltd.	Credit Rating Report on the 2015 Subordinated Bonds (Tranche 2) of CITIC Securities Company Limited	The credit rating for the 2015 Subordinated Bonds (Tranche 2) of CITIC Securities is AA+ and the corporate credit rating is AAA with stable rating outlook
22 October 2015	Dagong Global Credit Rating Co., Ltd.	Follow-up Credit Rating Report on the 2015 Short-term Corporate Bonds (Tranche 1) of CITIC Securities Company Limited	The credit rating for the 2015 Short-term Corporate Bonds (Tranche 1) of CITIC Securities is AAA and the corporate credit rating is AAA with stable rating outlook
29 October 2015	Dagong Global Credit Rating Co., Ltd.	Follow-up Corporate Credit Rating Report on CITIC Securities Company Limited for 2015	The Company maintained its corporate credit rating at AAA with 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.

7.5 Information on Shareholders

Total number of Shareholders as at 31 December 2015: 620,925 shareholders, including 620,771 A Shareholders and 154 registered H Shareholders.

Total number of Shareholders as at the end of the previous month (29 February 2016) before the date of the disclosure of this announcement: 624,379 shareholders, including 624,221 A Shareholders and 158 registered H Shareholders.

7.5.1 Shareholdings of the top 10 Shareholders as at 31 December 2015

Unit: Shares

Shareholdings of the top 10 Shareholders

Name of Shareholder (in full)	Change during the reporting period	Number of Shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged or frozen Status	Number	Type of the Shareholder
HKSCC Nominees Limited ^{Note 1}	1,099,735,038	2,277,743,638	18.80	—	Nil	—	Foreign legal persons
CITIC Corporation Limited ^{Note 2}	-348,131,745	1,888,758,875	15.59	—	Nil	—	State-owned legal persons
China Securities Finance Corporation Limited	306,212,165	349,801,682	2.89	—	Nil	—	Unknown
China Life Insurance Company Limited ^{Note 2}	-30,000,000	331,059,999	2.73	—	Nil	—	Domestic non-state-owned legal persons
China Life Insurance (Group) Company – Traditional – General Insurance Products	—	231,141,935	1.91	—	Nil	—	Domestic non-state-owned legal persons
Central Huijin Investment Company Limited	198,709,100	198,709,100	1.64	—	Nil	—	State-owned legal persons
China Academy of Launch Vehicle Technology	—	106,478,308	0.88	—	Nil	—	State-owned legal persons
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
ChinaAMC Fund – Agricultural Bank – ChinaAMC China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	89,567,400	89,567,400	0.74	—	Nil	—	Unknown

Note 1: HKSCC Nominees Limited is the nominal holder on behalf of the Shareholders who do not register the H Shares under their names.

Note 2: As at 29 February 2016, CITIC Corporation Limited held 1,999,695,746 Shares of the Company and its shareholding percentage in the total issued Shares of the Company was 16.50%.

- Note 3: The Shares held by China Life Insurance Company Limited are 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 321,322,773 Shares and 9,737,226 Shares respectively.
- Note 4: Type of A Shareholders represents the type of account held by A Shareholders with the Shanghai branch of CSDCC.
- Note 5: As the Shares could be used as underlying securities for margin financing and securities lending, the shareholdings of the Shareholders are the aggregate of all the Shares and interests held in ordinary securities accounts and credit securities accounts.
- Note 6: As at 31 December 2015, none of the Shares of the top 10 Shareholders had been pledged or frozen. Among the top 10 Shareholders, China Life Insurance Company Limited is a controlled subsidiary of China Life Insurance (Group) Company. The Company is not aware of any other connected relationship or any parties acting in concert among other shareholders.

7.5.2 Shareholdings of the Top 10 Non-Restricted Shareholders as at 31 December 2015

Name of Shareholder	Number of tradable Shares held not subject to trading moratorium (Shares)	Class (A Shares, B Shares, H Shares or others)
HKSCC Nominees Limited	2,277,743,638	H Shares
CITIC Corporation Limited	1,888,758,875	A Shares
China Securities Finance Corporation Limited	349,801,682	A Shares
China Life Insurance Company Limited	331,059,999	A Shares
China Life Insurance (Group) Company – Traditional – General Insurance Products	231,141,935	A Shares
Central Huijin Investment Company Limited	198,709,100	A Shares
China Academy of Launch Vehicle Technology	106,478,308	A Shares
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	89,567,400	A Shares
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	89,567,400	A Shares
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	89,567,400	A Shares
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	89,567,400	A Shares
ChinaAMC Fund – Agricultural Bank – ChinaAMC China Securities and Financial Assets Management Program	89,567,400	A Shares
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	89,567,400	A Shares
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	89,567,400	A Shares
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	89,567,400	A Shares
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	89,567,400	A Shares
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	89,567,400	A Shares

7.5.3 Shareholdings of the Restricted Shareholders as at 31 December 2015

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

7.5.4 Information on Substantial Shareholders of the Company

Largest Shareholder

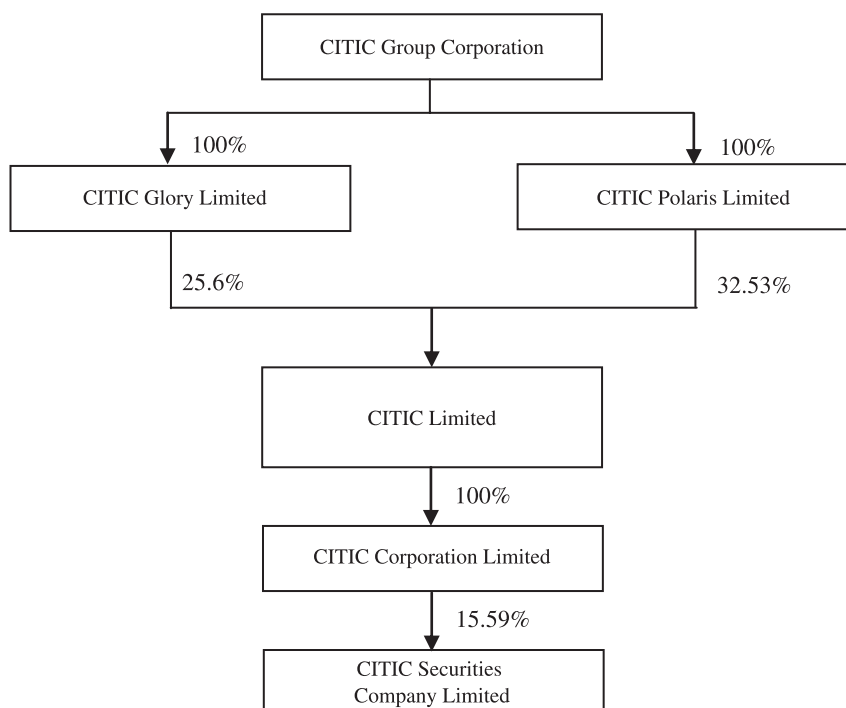
The largest shareholder of the Company is CITIC Corporation Limited. As at 31 December 2015, it held 15.59% Shares in the Company.

As at 31 December 2015, there was only one shareholder who held more than 10% Shares, namely CITIC Corporation Limited, the largest shareholder of the Company, the relevant information of which is as follows:

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 billion and the organization 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 (1) energy, transport and other infrastructure; (2) mining, exploration of timber and other resources and raw material industry; (3) machinery manufacturing; (4) real estate development; (5) information industry: information system infrastructure, basic telecommunication and value-added telecommunication business; (6) 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. (The entity was changed from a domestic enterprise to a foreign-funded enterprise on 22 July 2014; as for projects which require approval in accordance with the law, it shall conduct operational activities within the scope approved by the competent authorities).

CITIC Group, the de facto controller of CITIC Corporation Limited, 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).

As at the end of the reporting period, the shareholder structure of the Company is as follows:



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

As at 31 December 2015, the shareholdings, direct or indirect controlling or minority interests, of CITIC Limited and CITIC Corporation Limited in other major listed companies 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	38.63%
CITIC Heavy Industries Co., Ltd.	601608.SH	71.04%
CITIC Resources Holdings Limited	1205.HK	59.50%
Asia Satellite Telecommunications Holdings Limited	1135.HK	74.43%
CITIC Dameng Holdings Limited	1091.HK	43.46%
CITIC Telecom International Holdings Limited	1883.HK	58.77%
Dah Chong Hong Holdings Limited	1828.HK	56.07%
Daye Special Steel Co., Ltd.	000708.SZ	58.13%
CITIC Envirotech Ltd	U19.SG	87.59%

In addition to those in the above table, as at 31 December 2015, CITIC Group Corporation had controlling or minority interests in the following major listed companies:

Name of Listed Investee	Stock Code	Shareholding Percentage
CITIC Limited	0267.HK	58.13%

As at 31 December 2015, there was no other Shareholder directly holding more than 5% Shares in the Company. The Shares held by HKSCC Nominees Limited are for the non-registered holders of H Shares.

7.5.5 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 2015. 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 2015.

Name of Shareholder	Capacity	Class of Shares	Number of Shares (Shares)/Type of Shares held	Percentage to the Number of A Shares H Shares in the Company as at 31 December 2015 (%) ^{Note 5}	Percentage to Total Shares of the Company as at 31 December 2015 (%)
CITIC Group (ie CITIC Group Corporation)	Interest of controlled corporation	A Shares	1,939,757,575/ ^{Note 1} Long positions	19.72	16.01
China Life Insurance (Group) Company	Beneficial owner and interest of controlled corporation ^{Note 2}	A Shares	565,060,815/ Long positions	5.74	4.66
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200/ Long positions	30.30	5.70
Citigroup Inc.	Others ^{Note 3}	H Shares	259,932,275/ Long positions	11.40	2.15
			11,572,599/ Short positions	0.50	0.10
			244,672,449/ Lending Pool Short positions	10.73	2.02
BlackRock, Inc.	Interest of controlled corporation ^{Note 4}	H Shares	165,876,774/ Long positions	7.28	1.37
			41,000/ Short positions	0.00	0.00
Cinda Sinorock Global Portfolio Limited Partnership II	Investment manager	H Shares	135,409,762/ Long positions	5.94	1.12

Note 1: 1,939,757,575 A Shares were the number as notified by the notice of disclosure of interest dated 16 January 2015. As at 31 December 2015, CITIC Group Corporation held 1,888,758,875 A shares in the Company. For information on the charge, please refer to the announcement of the Company dated 16 January 2015. From 1 January 2016 to the date of this results announcement, CITIC Group Corporation increased its shareholding in the Company. For further information, please refer to the announcements published by the Company on 16 January 2015, 29 February 2016 and 4 March 2016. As at the date of the disclosure of this results announcement, CITIC Group through its controlled corporations including CITIC Corporational Limited held in aggregate 2,018,602,746 A Shares, representing 16.66% of the total number of issued shares in the Company.

Note 2: According to the notices of disclosure of interests on the website of the Hong Kong Stock Exchange, China Life Insurance (Group) Company had interests in an aggregate of 565,060,815 A Shares, including 231,141,935 A Shares held by it and 333,918,880 A Shares held through its subsidiary, China Life Insurance Company Limited.

Note 3: Citigroup Inc. held the relevant interests and short positions in the capacity as custodian corporation/approved lending agent and person with security interest in the Shares through its controlled corporations.

Note 4: BlackRock, Inc. held the relevant interests and short positions through its controlled corporations.

Note 5: The relevant percentages are calculated based on the total number of 2,278,327,700 H Shares of the Company or the total number of 9,838,580,700 A Shares in issue as at 31 December 2015.

Note 6: According to the notices of disclosure of interests on the website of the Hong Kong Stock Exchange, Lazard Asset Management LLC and Barco BTG Pactual S.A. were shown as substantial shareholders holding 5% or more of the total issued H Shares of the Company. After the non-public issuance of H Shares by the Company in June 2015, the interests in Shares held by these two shareholders should have been reduced to less than 5% of the total issued H Shares and they are accordingly not shown as substantial shareholders in the table above.

7.6 Share issuance by the Company or subsidiaries

During the Reporting Period, no additional shares had been issued by the Company and subsidiaries other than the 1.1 billion H Shares issued by the Company.

8. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

8.1 Basic Information of Directors, Supervisors and Senior Management

8.1.1 Changes in the Shares held and information on remuneration (the order of independent non- executive Directors is arranged according to the number of strokes of their Chinese surnames)

Name	Position ^{Note 1 to 11}	Gender	Age	Term of office commencing from	Term of office ending on	Shares held at the beginning of 2015 (Shares) ^{Note 9 and 10}	Shares held at the end of 2015 (Shares) ^{Note 9 and 10}	Change (increase/decrease) in shareholding during 2015	Reasons for change (increase/decrease)	Total remuneration before tax received from the Company during the reporting period (RMB ten thousand) ^{Note 7}	Whether received remuneration from the Company's related parties or not
ZHANG Youjun	Executive Director, Chairman	Male	50	2016.1.19	2019.1.18	374	374	—	—	Note ²	Yes
YIN Ke	Executive Director	Male	52	2009.6.30	2019.1.18	—	—	—	—	HKD 9.931 million	No
YANG Minghui	Executive Director	Male	51	2016.1.19	2019.1.18	—	—	—	—	Note ²	No
FANG Jun	Non-executive Director	Male	47	2012.6.20	2019.1.18	—	—	—	—	—	Yes
LIU Ke	Independent non-executive Director	Male	57	2016.1.19	2019.1.18	—	—	—	—	Note ²	No
LEE Kong Wai, Conway	Independent non-executive Director	Male	61	2011.11.14	^{Note 3 and 4}	—	—	—	—	15.30	No
RAO Geping	Independent non-executive Director	Male	68	2011.8.11	^{Note 3 and 5}	—	—	—	—	15.60	No
LI Fang	Supervisor ^{Note 6}	Male	58	2016.1.19	2019.1.18	—	—	—	—	Note ²	No
GUO Zhao	Supervisor	Male	59	1999.9.26	2019.1.18	—	—	—	—	10.00	Yes
LEI Yong	Staff Supervisor	Male	48	2009.6.29	2019.1.18	483,285	483,285	—	—	422.12	No
YANG Zhenyu	Staff Supervisor	Male	45	2005.12.16	2019.1.18	81,000	81,000	—	—	329.23	No
ZHANG Guoming	Compliance Officer	Male	51	2013.9.10	2019.1.18	—	—	—	—	339.31	No
CAI Jian	Chief Risk Management Officer	Male	57	2016.1.19	2019.1.18	—	—	—	—	Note ²	No
ZHENG Jing	Secretary to the Board, Company Secretary	Female	43	2011.4.21	2019.1.18	—	—	—	—	410.03	No
WANG Dongming	Former Executive Director, Chairman	Male	64	1999.9.26	2016.1.19	2,649,750	2,649,750	—	—	539.70	No

Name	Position <small>Note 1 and Note 11</small>	Gender	Age	Term of office commencing from	Term of office ending on	Shares held		Change (increase/ decrease) in shareholding during 2015	Reasons for change (increase/ decrease)	Total remuneration before tax received from the Company during the reporting period (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
						beginning of 2015 (Shares) <small>Note 9 and Note 10</small>	at the end of 2015 (Shares) <small>Note 9 and Note 10</small>				
CHENG Boming	Former Executive Director, President	Male	54	2012.6.20	2016.1.19	1,733,160	1,733,160	—	—	583.85	No
LIU Lefei	Former Executive Director, vice-chairman	Male	42	2013.12.19	2016.1.19	—	—	—	—	—	No
JU Weimin	Former Non-executive Director	Male	52	2002.5.30	2015.6.19	—	—	—	—	3.63	Yes
WU Xiaojie	Former independent non-executive Director	Male	57	2012.6.20	2016.1.19	—	—	—	—	15.30	No
NI Jun	Former chairman of the Supervisory Committee	Female	60	2010.6.28	2016.1.19	1,368,363	1,368,363	—	—	582.00	No
HE Dexu	Former Supervisor	Male	53	2006.5.12	2015.12.4	—	—	—	—	5.00	No
XU Gang	Former member of the Executive Committee	Male	46	2010.9.30	2016.1.19	870,000	870,000	—	—	531.70	No
GE Xiaobo	Former member of the Executive Committee	Male	45	2010.9.30	2016.1.19	990,000	990,000	—	—	553.15	No
LIU Wei	Former member of the Executive Committee	Male	46	2013.12.30	2016.1.19	252,258	252,258	—	—	748.96	No
CHEN Jun	Former member of the Executive Committee	Male	47	2013.12.30	2016.1.19	—	—	—	—	542.29	No
YAN Jianlin	Former member of the Executive Committee	Male	47	2013.12.30	2016.1.19	—	—	—	—	698.47	No
Total	/	/	/	/	/	8,428,190	8,428,190	—	—	7,127.37	/

Note 1: Where a person has more than one position under the “Position” column, the “term of office” will only show the term of office of the first position held by that person in that column; the “term of office” of a re-elected Director or Supervisor begins from the date of his/her first appointment as a Director or Supervisor of the Company; the “term of office” of a re-elected member of the Senior Management begins from the date of his/her first appointment as a member of the Senior Management by the Board.

Note 2: Such persons commenced their offices on 19 January 2016, and their remunerations will be disclosed according to relevant provisions commencing from the year 2016; in addition, remuneration of Directors, Supervisors and Senior Management whose terms of office expired on the same date will no longer be disclosed from the year of 2016 onwards.

- Note 3: On 19 January 2016, the 2016 first extraordinary general meeting of the Company elected Mr. HE Jia and Mr. CHAN, Charles Sheung Wai as independent non-executive Directors of the sixth session of the Board of the Company; each of Mr. HE Jia and Mr. CHAN, Charles Sheung Wai will assume his duties of appointment after obtaining approval from the Shenzhen Securities Regulatory Bureau on his appointment qualification as an independent director of a securities company. Currently, the procedures for relevant qualification application are still in progress.
- Note 4: Mr. LEE Kong Wai, Conway will cease his role after Mr. CHAN Charles Sheung Wai has obtained his qualifications as independent directors.
- Note 5: Mr. RAO Geping will resign after Mr. HE Jia has obtained the qualifications for independent directors, and will be formally appointed as a Supervisor of the Company.
- Note 6: It is proposed that Mr. LI Fang be appointed as the chairman of the Supervisory Committee and he will officially commence his appointment upon obtaining relevant qualifications.
- Note 7: 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 who attends a meeting of the Board's special committee on-site. 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, only received his remuneration from CSI, a wholly-owned subsidiary of the Company, instead of the Company; Mr. FANG Jun, the executive Director, has not received any remuneration or allowance from the Company; Mr. LIU Lefei, a former executive Director, has not received any remuneration or allowance from the Company. The remuneration received by Mr. JU Weimin, a former non-executive Director, represented the Director's allowance received by him from the Company between January and May 2015. The remuneration received by each of independent non-executive Directors, Mr. LEE Kong Wai, Conway, Mr. RAO Geping and former independent non-executive Director Mr. WU Xiaoqiu, and Supervisor Mr. GUO Zhao, was the Director's/Supervisor's allowance received by each of them from the Company in 2015. The remuneration of Mr. HE Dexu, a former Supervisor, represented the Supervisor's allowance received by him from the Company between January and June 2015. In 2015, Mr. YAN Jianlin, a former Member of the Executive Committee, received remuneration in the amount of RMB1.4369 million from the Company and remuneration in the amount of HKD6.622 million from CSI, a wholly-owned subsidiary of the Company.
- Note 8: The Company distributed the 2015 annual compensation to employees in accordance with the Company's Compensation Management Policy, among which, the base compensation was distributed on a monthly basis, and the performance-based compensation had been distributed during the first half of 2015. There is yet any conclusion on the investigations of certain personnel of the Company by the public security bureau.
- Note 9: Shares held by Directors, Supervisors and Senior Management are all A Shares, which include incentive shares initially granted upon the implementation of the share incentive arrangement, the placing shares and the capitalization issue of bonus shares.
- Note 10: On 31 December 2015, the A Share closed at RMB19.35, and the H Share closed at HKD18.12.
- Note 11: During the reporting period, changes had occurred in the Board of Directors and the Supervisory Committee of the Company, please refer to "8.2 Changes of Directors, Supervisors and Senior Management during the Reporting Period and up to the date of disclosure of this report" in this results announcement for relevant details.

8.1.2 Current positions held by Directors and Supervisors in the Shareholders

Name	Name of Shareholder	Position held in the shareholders	Term of office commencing from	Term of office until
ZHANG Youjun	CITIC Corporation Limited	Assistant to general manager	2015.11.12	Until expiry of term
JU Weimin	CITIC Corporation Limited	Deputy General Manager, Chief Financial Officer and Secretary to the Board of Directors	2011.12.27	2015.4.9
GUO Zhao	Nanjing Gaoke Company Limited	Vice President	2013.1.18	Until expiry of term
Description on the positions held in the shareholders		Mr. ZHANG Youjun is also an assistant to general manager of CITIC Group and an assistant to general manager of CITIC Limited.		

8.1.3 Current positions by Directors and Supervisors in other entities

Name	Names of other entities	Positions held in the entities	Terms of office commencing from	Terms of office until
YIN Ke	CSI	Chief Executive Officer	2007.2.1	Until expiry of term
YANG Minghui	China Asset Management Co., Ltd.	Chairman	2013.11.1	Until expiry of term
LIU Ke	Business School of Beijing Language and Culture University	Professor	2001.6.1	Until expiry of term
LIU Lefei	CITIC Private Equity Funds Management Co., Ltd.	Chairman, Chief Executive Officer	2008.10.1	Until expiry of term
WU Xiaoqiu	Renmin University of China	Professor of the School of Finance, Director of Finance and Securities Institute	1994.10.1	Until expiry of term
RAO Geping	Peking University	Professor of the Law School, Ph.D. Candidate Supervisor	1994.8.1	Until expiry of term
HE Dexu	Chinese Academy of Social Sciences	Deputy Director of the Institute of Finance and Banking	2014.11.1	Until expiry of term
Description on the positions held in other entities		None		

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

Executive Directors (3 individuals)

Mr. ZHANG Youjun, an executive Director, Chairman of the Company. Mr. ZHANG joined the Company at the time of the establishment of the Company in 1995, and was appointed as Director of the Company on 19 January 2016. Mr. ZHANG also acts as the chairman of CITIC Holdings, the assistant to the general manager of CITIC Group, the assistant to the general manager of CITIC Limited and CITIC Corporation Limited and the chairman of CITIC Securities International. Mr. ZHANG also concurrently serves as the director of Hunan Valin Iron & Steel Group Co., Ltd.. Mr. ZHANG had worked as a general manager of the trading department of the Company, an assistant manager and deputy general manager of the Company in 1995, and was appointed as a Director of the Company from September 1999 to June 2012 and the general manager of the Company from May 2002 to October 2005. Mr. ZHANG previously worked as the general manager of Changsheng Fund Management from 1998 to 2001; initially as the general manager and subsequently as the chairman of China Securities Co., Ltd. from 2005 to 2011; a director of the board office of CITIC Group from December 2011 to December 2015. Mr. ZHANG obtained a Bachelor's degree in economics (majoring in money and banking) in 1987 from Renmin University of China and a Master's degree in economics (majoring in money and banking) in 1990 from Central University of Finance and Economics.

Mr. YIN Ke, an executive Director of the Company. Mr. YIN joined the Company in 2007 and was appointed as a Director on 30 June 2009. Mr. YIN is also the chief executive officer of CITIC Securities International, a director of CITIC CLSA Limited, a non-executive director of Hui Xian Asset Management Limited and an external director of Shandong Heavy Industry Group Company Limited. Mr. YIN also concurrently serves as a member of the Advisory Committee of the Hong Kong Securities & Futures Commission and a member of the Corporate Advisory Council of Hong Kong Securities and Investment Institute. 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; executive director and deputy general manager of Jun'an Securities Co., Ltd. from 1992 to 1998 and 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 (a company listed on TSX Venture Exchange) from 2000 to 2009 and was 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. (a company listed on Shenzhen Stock Exchange) from 2006 to 2010; non-executive director of CITIC Dameng Holdings Limited (a company listed on Hong Kong Stock Exchange) from 2010 to 2011; non-executive director of Dah Chong Hong Holdings Limited (a company listed on Hong Kong Stock Exchange) from 2010 to 2012; non-executive director of CITIC Pacific (a company listed on Hong Kong Stock Exchange) from 2009 to 2014; vice-chairman of CITIC Securities International from 2007 to 2013, and vice-chairman of the Company from 2011 to January 2016. He obtained a Bachelor's degree in electronics engineering in 1985 and a Master's degree in economics in 1991 from Zhejiang University.

Mr. YANG Minghui, an executive Director of the Company. Mr. YANG joined the Company in 1995 when the Company was established and appointed as a Director of the Company on 19 January 2016. Mr. YANG also serves as the managing director of the Company, chairman of China AMC, chairman of China Asset Management (Hong Kong) Limited, chairman of China AMC Capital Management Limited and a director of E-Capital Transfer Co., Ltd. Mr. YANG served as a director, assistant manager and deputy general manager of the Company; Mr. YANG was a director and executive vice-president of CITIC Holdings and a director of CITIC Trust from 2002 to 2005; the chairman of CITIC-Prudential Fund Management Co., Ltd. from 2005 to 2007; and an executive director and the president of China Jianyin Investment Securities Company Limited from 2005 to 2011. Mr. YANG was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in October 1996. Mr. YANG obtained a Bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1982 and obtained a Master's degree in engineering (majoring in textile machinery) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1985.

Non-executive Directors (1 individual)

Mr. FANG Jun, serves as a non-executive Director of the Company. Mr. Fang joined the Company in 2012 and was appointed as a non-executive Director on 20 June 2012. He also serves as vice President and a member of CPC Committee of China Life Insurance (Overseas) Company Limited; Mr. FANG also concurrently serves as a director of China Life Investment Holding Company Ltd., Sino-Ocean Land Holdings Limited (a company listed on Hong Kong Stock Exchange), 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 2011, and he worked as the general manager of the investment management department of China Life Insurance (Group) Company from 2011 to 2016. 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, and are presented in the order of the number of strokes of their Chinese surnames; the other two individuals will cease as independent non-executive Directors after the transition period)

Mr. LIU Ke, an independent non-executive Director of the Company. Mr. LIU joined the Company in 2016 and was appointed as an independent non-executive Director of the Company on 19 January 2016. Mr. LIU is a professor of the Business School of Beijing Language and Culture University. Mr. LIU was engaged in teaching, scientific research and management in Lanzhou University of Finance and Economics from July 1984 to October 1997. From October 1997 to May 2001, he served as a professor of Beijing Wuzi College engaging in teaching, scientific research and management and executive deputy chief editor of China Business and Market Magazine. Mr. LIU was accredited as State Council Expert for Special Allowance in April 1999 and was accredited as Beijing Municipal Trans-century Talent in April 2000. Mr. LIU obtained a Bachelor of arts degree from the Department of Foreign Languages of Northwest Normal University in 1984, a Master's degree in business administration from the College of Business of University of Georgia in 1993 and a Doctoral degree in economics from the School of Finance of Renmin University of China in 2000.

Mr. HE Jia, a proposed independent non-executive Director of the Company. Mr. HE also serves as a chair professor of Southern University of Science and Technology of China, Cheung Kong Visiting Chair Professor of the Ministry of Education and executive director and academic member of the China Society for Finance and Banking, and is also an independent director of Tsinghua Tongfang Co., Ltd. (a company listed on SSE), Shenzhen Xinguodu Technology Co., Ltd. (a company listed on ChiNext of SZSE), Shenzhen Soling Industrial Co., Ltd. (a company listed on Small and Medium Enterprises Board of Shenzhen Stock Exchange), China Chengtong Development Group Limited (a company listed on Hong Kong Stock Exchange), OP Financial Investments Limited (a company listed on Hong Kong Stock Exchange), China Investment Securities Co., Ltd. and Tibet Huayu Mining Co., Ltd. Mr. HE was an assistant professor and associate professor (life tenure) of the University of Houston from August 1991 to August 1999, professor of the Department of Finance of The Chinese University of Hong Kong from August 1996 to July 2015, member of the Planning and Development Committee of the CSRC from June 2001 to July 2002 and the director of Shenzhen Stock Exchange Research Institute from June 2001 to October 2002. Mr. HE graduated from Heilongjiang University in 1978, majoring in mathematics (worker-peasant-soldier student), obtained a double Master's degree in computer science and decision science engineering from Shanghai Jiao Tong University in 1983 and obtained a Doctoral degree majoring in finance from the Wharton School of the University of Pennsylvania in 1988.

The appointment of Mr. HE Jia has been approved by the extraordinary general meeting of the Company on 19 January 2016. Mr. HE will formally act as an independent non-executive Director of the Company upon obtaining the independent directors qualifications of a securities company.

Mr. CHAN, Charles Sheung Wai, a proposed independent non-executive Director of the Company. Mr. CHAN also serves as an independent non-executive director of SRE Group Limited (a company listed on Hong Kong Stock Exchange) and an independent non-executive director of ChangYou.com Limited (a company listed on NASDAQ, USA). Mr. CHAN joined Arthur Andersen Canada in 1977 and became a global partner of Arthur Andersen in 1998. He joined Arthur Andersen China/Hong Kong in 1994 and served as head of audit department and business consulting department of Greater China region. He was a partner of the China/Hong Kong Office of PricewaterhouseCoopers and assumed senior management functions from July 2002 to June 2012. Mr. CHAN was an independent director of China Grand Auto Limited (a company listed on SSE) from October 2013 to August 2015. Mr. CHAN served as a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 1998 to 2001 and served as a member of the Selection Committee for the first Legislative Council of the Hong Kong Special Administrative Region in 1998. From 1996 to 1999, he was a council member of the Hong Kong Society of Certified Public Accountants, a member of the Accounting Standards Committee, a member of the Auditing Standards Committee and the chairman of the China Accounting Standards Committee. Mr. CHAN obtained his professional qualification as a Certified General Accountant in Canada in 1980 and became a certified public accountant in Hong Kong in 1995. Mr. CHAN obtained a Bachelor (with) Honour degree in Commerce from the University of Manitoba, Canada in 1977.

The appointment of Mr. CHAN, Charles Sheung Wai has been approved by the extraordinary general meeting of the Company on 19 January 2016. Mr. CHAN will formally act as an independent non-executive Director of the Company upon obtaining the independent directors qualifications of a securities company.

Mr. LEE Kong Wai, Conway, an independent non-executive Director of the Company. 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 Modern 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. 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. LEE will cease as independent non-executive Director after Mr. CHAN, Charles Sheung Wai obtains his qualification of as an independent Director of a securities company.)

Mr. RAO Geping, an independent non-executive Director of the Company. 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; chairman 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 previously served as an independent non-executive director of China National Biotech Group Company Limited, Yangguang Xinye Real Estate Co., Ltd. (a company listed on Shenzhen Stock Exchange) and Poly Culture Corporation Limited (a company listed on Hong Kong Stock Exchange). Mr. RAO obtained a Master’s degree in law in 1982 from Peking University and was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law.

(Mr. RAO will cease as an independent non-executive director and commence services as Supervisor of the Company after Mr. HE Jia obtains his qualification of as an independent director of a securities company.)

Supervisors (4 individuals)

Mr. LI Fang, a Supervisor and proposed chairman of the Supervisory Committee of the Company. Mr. LI joined the Company in 2016, and was appointed as Supervisor of the Company on 19 January 2016. Mr. LI also serves as the secretary-general of the Council and director of the Planning and Research Department of National Social Security Fund and the non-executive director of The People’s Insurance Company (Group) of China Limited (a company listed on Hong Kong Stock Exchange). Mr. LI served as a director of Jiangxi Science and Technology Development Centre and director of Jiangxi Institute of Computer Technology from 1991 to 1996; vice-president of Jiangxi Academy of Sciences from 1996 to 2000; president of Jiangxi Academy of Sciences from 2000 to 2004; deputy secretary and deputy mayor of Jiujiang City, Jiangxi Province from 2004 to 2006; party committee secretary of the Jiujiang Economic and Technological Development Zone of Jiangxi Province from January 2006 to November 2006; deputy secretary of the municipal party committee, acting mayor, mayor of Jingdezhen, Jiangxi Province from 2006 to 2010; and the director of the Office of the Council of National Social Security Fund from 2010 to 2011. Mr. LI graduated from Beijing Institute of Iron and Steel Engineering in 1980, majoring in metal physics and obtained a Master’s degree in business administration from the School of Management of Huazhong University of Science and Technology in 2005.

(Mr. Li will officially act as the chairman of the Supervisory Committee of the Company after application and obtaining the qualification of being the chairman of the Supervisory Committee of securities company)

Mr. GUO Zhao, serves as a Supervisor of the Company. 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.

Mr. LEI Yong, serves as a staff Supervisor and the managing director of the compliance department of the Company. 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.

Mr. RAO Geping has been appointed as a supervisor of the Company at the Extraordinary General Meeting of the Company held on 19 January 2016. (He will formally act as a Supervisor upon Mr. HE Jia obtains his qualification as an independent director of a securities company. For Mr. RAO's biography, please refer to the "Independent Non-executive Directors" section above.)

Other Senior Management (3 individuals)

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.

Mr. CAI Jian, serves as Chief Risk Officer of the Company and administrator head of the risk management department of the Company. Mr. CAI Jian joined the Company in 2013. He served as a teacher in Engineering Mechanics Department of Tsinghua University; a senior technical expert of Xerox Corporation; the venture capital corporate finance project manager in Xerox; the vice president of JP Morgan Chase - Washington Mutual and the executive general manager of UBS Investment Bank. Mr. CAI obtained a master's degree in mechanical engineering from Tsinghua University in 1984, a Ph.D. in chemical engineering from the University of Minnesota, US in 1994, and an MBA in finance from the University of Rochester, US in 2000. He is also a Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM).

Ms. ZHENG Jing, serves as the secretary to the Board of the Company, company secretary, securities representative and administrative person in charge of the board of directors' office. Ms. Zheng Jing 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 Jing 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 Jing has been a joint member of The Hong Kong Institute of Chartered Secretaries since May 2011.

8.2 Changes of Directors, Supervisors and Senior Management during the Reporting Period and up to the date of disclosure of this announcement

Name	Position	Change
WANG Dongming	Executive Director, Chairman	Expiration of term of office
CHENG Boming	Executive Director, President	Expiration of term of office
LIU Lefei	Executive Director, vice-chairman	Expiration of term of office
JU Weimin	Non-executive Director	On 8 May 2015, Mr. JU Weimin, non-executive Director, submitted to the Board of Directors his resignation from his position as a non-executive Director and other positions with the specialized committees under the Board of Directors due to changes in his work. Mr. JU Weimin's resignation took effect upon the submission of his resignation to the Board of Directors.
WU Xiaoqiu	Independent non-executive Director	Expiration of term of office
NI Jun	Chairman of the Supervisory Committee	Expiration of term of office
HE Dexu	Supervisor	On 4 December 2015, Mr. HE Dexu submitted to the Supervisory Committee his resignation from his position as an external Supervisor due to his personal reasons. Mr. HE Dexu's resignation took effect upon the submission of his resignation to the Supervisory Committee.
XU Gang	Member of the Executive Committee	Expiration of term of office
GE Xiaobo	Member of the Executive Committee	Expiration of term of office
LIU Wei	Member of the Executive Committee	Expiration of term of office
CHEN Jun	Member of the Executive Committee	Expiration of term of office
YAN Jianlin	Member of the Executive Committee	Expiration of term of office
ZHANG Youjun	Executive Director, Chairman	Elected by the General Meeting and the Board of Directors
YANG Minghui	Executive Director	Elected by the General Meeting
LIU Ke	Independent non-executive Director	Elected by the General Meeting
LI Fang	Supervisor, proposed chairman of the Board of Supervisors	Elected by the General Meeting and the Supervisory Committee
CAI Jian	Chief Risk Officer	Appointment by the Board of Directors

8.3 Relationships between Directors, Supervisors and Senior Management

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

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

8.4.1 Performance Appraisal of Directors and Supervisors

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

The Directors of the Company attended the Board meetings and specific committee meetings in accordance with the rules. 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 visits and inspections, 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 attended Supervisory Committee meetings in accordance with the rules and they 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 "9.4.4 Performance of Duties by Directors"; and "9.9 Supervisors and The Supervisory Committee" in this results announcement.

8.4.2 Performance and Appraisal of Senior Management

The Company provided clear targets for the Senior Management within the scope of their duties and evaluated their performances by year end. In addition to evaluation of financial performances and completion of specified tasks, their appraisals were closely linked with the performance of the Company..

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, optimized the operation structures, enhanced cooperation and deepened the Company's strategic transformation and achieved relatively good operating results.

8.4.3 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 the 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 the Directors and Supervisors are determined by the general meetings.

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

Please refer to “8.1.1 Changes in the Share held and information of the remuneration” of this announcement for further details of the remuneration of the current Directors, Supervisors and Senior Management for the year. Allowances for the independent Directors and Supervisors are calculated on a yearly basis, provided for on a monthly basis, and paid twice a year.

The Company will continue to improve the performance and compensation management system based on the relevant regulatory requirements and the Company’s conditions.

8.4.4 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 “8.1.1 Changes in the Share held and information of the remuneration” of the announcement 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.

Appraisals of Eligible Participants

The Company has established and implemented a comprehensive performance appraisal system. The performance appraisal system forms a part of the targeted 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 performances of the eligible participants within the scope of their responsibilities at year end.

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

Implementation of the share incentive scheme has 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.

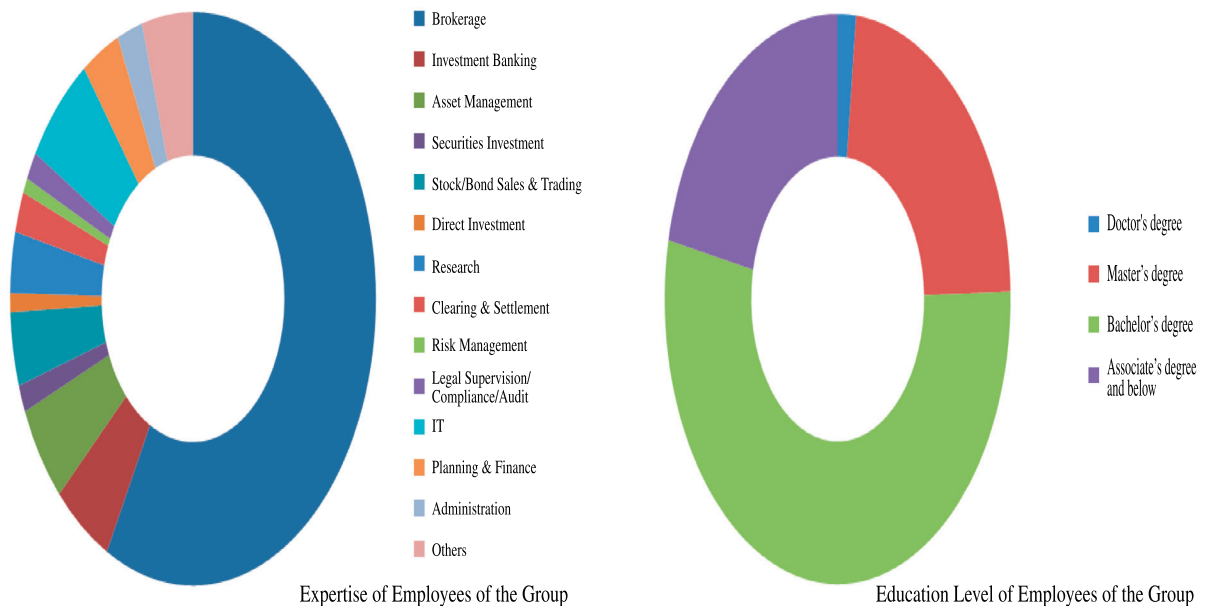
8.5 Staff Information

8.5.1 Number and Composition of Staff

As at 31 December 2015, the Group had a total of 16,853 staff (including brokers and dispatched staff), of which 10,051 (including brokers and dispatched staff) were staff of the Company, and their compositions are set out below:

Unit: persons

Number of in-service staff of the Parent (including brokers and dispatched staff)	10,051
Number of in-service staff of principal subsidiaries (including brokers and dispatched staff)	6,802
Total number of in-service staff	16,853
Total number of retired staff for which the Parent and principal subsidiaries are responsible for their expenses	154
Composition by profession	
Types by profession	Number of staff
Brokerage	10,747
Investment Banking	814
Asset Management	848
Securities Investment	234
Stock/Bond Sales & Trading	567
Direct Investment	185
Research	482
Clearing & Settlement	412
Risk Management	126
Legal Supervision/Compliance/Audit	249
IT	975
Planning & Finance	480
Administration	635
Proprietary	75
Others	24
Total	16,853
Education Level	
Type of Education	Number of staff
Doctor's degree	248
Master's degree	4,014
Bachelor's degree	9,525
Associate's degree and below	3,066
Total	16,853



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

8.5.3 Information on Brokers

As at 31 December 2015, the Company and CITIC Securities (Shandong) had a total of 1,017 brokers, of which 720 are engaged by the Company. The Company has established a comprehensive system for management of brokers and a confirmed organization system, practicing conditions, scope of authorities and standards of behavior as well as an established filing and inquiry systems for the brokers. Each broker of the Company has obtained a securities broker certificate before becoming a practitioner and would engage in activities such as customer solicitation, customer services and sales of products by relying on or through the marketing channels provided by the Company's securities business department. When engaging in his practice, the broker would, in accordance with the requirements, present his securities broker certificate to the customer to indicate his agency relationship with the Company, and shall carry out his work within the scope of agency authorities, agency period, practicing geographical location and scopes as specified in the agency contract. The Company has incorporated management of brokers into the front desk management system of its securities business department, and carries out daily supervision over the occupational behaviors of the brokers. The Company has established a comprehensive customer feedback system by regularly collecting feedbacks by telephone or other means from customers solicited and served by the brokers, and making complete records thereof. In addition, the Company has special regulations for brokers on issues such as compliance management and trainings.

8.5.4 Employee Compensation

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. Conditional and upon ascertaining that a business department is profitable, performance based incentive remuneration will be distributed "in favour of the business department, the profitable business sections and business with major innovation" while also recognizing the role and value of other support departments. The performance-based annual remuneration 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.

The Company has established a number of special rewards such as "Innovation Award", "Collaboration Award" and "Loyalty Award" to develop the Company's core competitiveness, to encourage innovation and team spirit, and to maintain the stability of the core human resources 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 sets up 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 "8.4.4 Share Incentives of Directors, Supervisors and Senior Management" in this announcement.

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

8.5.5 Training Program

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

1. To strengthen the training on leadership and managerial skills for senior-level employees, to broaden their international perspective and improve their management ability for change and transformation, strategy analysis, operation, business collaboration and risk management as well as their comprehensive corporate cultural competence.
2. To strengthen the training on execution and professional skills for middle-level employees, to improve their theoretical knowledge and ability in execution, organization development, and business innovation.
3. To popularize training on vocational and general skills for 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.
4. To attach great importance to campus recruitment and implement a series of trainee training plan to provide opportunities for work and internship for outstanding graduates and school students. In 2015, headquarter of the Company provided 726 internship positions for school students and recruited 165 fresh graduates.

9. CORPORATE GOVERNANCE REPORT

9.1 Overview of Corporate Governance

The Company strives for excellence and to become global customers' most trustworthy PRC investment bank with leading position in the PRC and first class investment bank. For details of the Company's corporate strategy and long term operational model, please refer to "5. Report of the Directors" of this results announcement.

As a company listed in both 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 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 that 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.

9.2 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 more strict 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 "8.1.1 Changes in the Shares held and information on remuneration" in this announcement.

9.3 Shareholders and General Meetings

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 protects 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 obtained 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 obtained 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 the 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, and pursuant to the Management System For Information Disclosures and the Management System For Investor Relations, the secretary to the Board is designated to handle information disclosure matters and to receive visits and enquiries from the Shareholders, thereby establishing an effective channel for better communication with the Company's 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 "1. COMPANY INFORMATION" of this announcement).

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 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 relevant qualifications for appointment in securities companies.

As of the end of the reporting period, save as disclosed, 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 jeopardize 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 the Company's 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 2015, 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 three General Meetings, two A Shareholders Class Meetings and two H Shareholders Class Meetings in total, details of which are as follows:

1. The Company held the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting on 16 February 2015 at Kempinski Hotel Beijing, through a combination of on-site voting and online voting. One special resolution and one ordinary resolution were considered and approved at the 2015 First Extraordinary General Meeting and one special resolution was considered and approved at the 2015 First A Shareholders Class Meeting and the 2015 H Shareholders Class Meeting, respectively. The extraordinary general meeting and shareholders class meetings were chaired by Chairman WANG Dongming, and participated by Directors, Supervisors and Senior Management.
2. The Company held the 2014 Annual General Meeting on 19 June 2015 at Kempinski Hotel Beijing, through a combination of on-site voting and online voting and three special resolutions and ten ordinary resolutions were considered and approved thereat. The general meeting was chaired by Mr. YIN Ke, vice-chairman of the Company, and Directors, chairmen of Board Committees, Supervisors and Senior Management participated at the meeting.
3. The Company held the 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting on 25 August 2015 at Kempinski Hotel Beijing, through a combination of on-site voting and online voting. One special resolution was considered and approved at such meetings. The extraordinary general meeting and shareholders class meetings were chaired by Chairman WANG Dongming, and Directors, Supervisors and Senior Management participated at the meetings.

Note: For details of the resolutions of the meetings 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	7	7	6	1	100%
CHENG Boming	Executive Director, President	7	7	7	—	100%
YIN Ke	Executive Director, Vice-chairman	7	7	1	6	100%
LIU Lefei	Executive Director, Vice-chairman	7	7	—	7	100%
JU Weimin ^{Note}	Non-executive Director	3	3	—	3	100%
FANG Jun	Non-executive Director	7	7	4	3	100%
LEE Kong Wai, Conway	Independent non-executive Director	7	7	1	6	100%
RAO Geping	Independent non-executive Director	7	7	7	—	100%
WU Xiaoqiu	Independent non-executive Director	7	7	—	7	100%

Note: During Mr. JU Weimin's term of office in 2015, the Company held one Extraordinary General Meeting and two Class Meetings for shareholders.

9.4 The Board and the Operating Management

9.4.1 Composition of the Board

The Company strictly complies with the requirements of the Article of Association for 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 sixth session of the Board currently comprises seven Directors, including three executive Directors (Mr. ZHANG Youjun, Mr. YANG Minghui and Mr. YIN Ke), one non-executive Director (Mr. FANG Jun) and three independent non-executive Directors (Mr. LIU Ke, RAO Geping (HE Jia) and LEE Kong Wai, Conway (CHAN Charles Sheung Wai)), and the number of independent non-executive Directors represents over 1/3 of the Board. Mr. ZHANG Youjun is the chairman 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.

9.4.2 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 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; and to formulate the basic compliance management system and other risk control systems.

9.4.3 Responsibilities of the Operating Management

The Board is responsible for the overall strategic direction and governance of the Group, while the Executive Committee of the Company is responsible for implementing the development strategies and policies, as well as the daily operation and management of the Group. The Executive Committee is the highest operating 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 2015, all aspects of management tasks of the Company achieved positive results. The Risk Management Department focused on the credit risk of the special mention category in the credit business and was the first to establish an internal rating system within the industry to perform objective comprehensive rating on the counterparty and issuer of securities in open positions, and the risk of the equity trading business of the Company was effectively managed during the process of unusual volatility in stock market fluctuations. The Compliance Department improved the compliance management system and the management regime persistently, resulted in enhanced capabilities to support innovative businesses in domestic and overseas markets. The Company has won "AA", the highest A class ranking for eight consecutive years.

9.4.4 Performance of Duties by Directors

9.4.4.1 Meetings of the Board and Attendance of Directors

During the reporting period, the Board held 15 meetings:

- (1) During the 32nd Meeting of the 5th Session of the Board held on 22 January 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Engagement in the Stock Options Business*.
- (2) During the 33rd Meeting of the 5th Session of the Board held on 29 January 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Acquisition of 60% Equity Interest in KVB Kunlun Financial Group Limited*.
- (3) During the 34th Meeting of the 5th Session of the Board held on 12 February 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Establishment of a Wholly-owned Subsidiary to Carry out Securities Financial Services Business*, the *Resolution on Establishment of A New Branch*, the *Resolution on Establishment of Strategic Account Department*, the *Resolution on Appointment of Chief Risk Management Officer* and the *Resolution on Considering the Company's Administrative Measures on Anti-money Laundering*.
- (4) During the 35th Meeting of the 5th Session of the Board held on 23 March 2015 at CITIC Securities Tower, Beijing, the Board considered and approved unanimously the *2014 Work Report of the Board of Directors*, the *Duty Performance Report of the Independent Non-executive Directors for 2014*, the *Proposal on Considering the 2014 Annual Report of the Company*, the *Proposal on Considering the 2014 Profit Distribution Plan of the Company*, the *Proposal on Change of Accounting Firms*, the *Proposal on the Estimated Investment Limit for Proprietary Business of the Company for 2015*, the *Proposal on Re-authorization of Issuance of Onshore and Offshore Corporate Debt Financing Instruments by the Company*, the *Proposal on Considering the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments*, the *Proposal on Submission to General Meeting for Granting General Mandate to the Board for the Further Issuances of A Shares and H Shares of the Company*, the *Proposal on Provision of Guarantees for Overseas Borrowings of Branches or Overseas Wholly-owned Subsidiaries*, the *Proposal on Amendments to the Articles of Association of the Company*, the *Proposal on Considering the Total Remuneration of Directors of the Company for 2014*, the *Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2015*, the *Proposal on Review of the 2014 Corporate Governance Report of the Company*, the *Resolution on the Review of the 2014 Self-Assessment Report on the Internal Control of the Company*, the *Resolution on the Review of the Internal Control Audit Report of the Company*, the *Resolution on the Review of the 2014 Compliance Report of the Company*, the *Resolution on the Review of 2014 Audit Working Report of the Company*, the *Resolution on the Review of the 2014 Social Responsibility Report of the Company*, the *Resolution on Investment in Xinjiang Equity Exchange Centre Limited(新疆股權交易中心有限公司)*, the *Resolution on Investment in the Establishment of Xinjiang Commodity Spot Trading Platform*, the *Resolution on the Review of the Total Remuneration of the Senior Management of the Company for 2014*, the *Resolution on Authorization of Opening Overseas Bank Accounts by the person-in-charge of accounting affairs of the Company* and the *Resolution on Authorization of Convening the 2014 Annual General Meeting*.
- (5) During the 36th Meeting of the 5th Session of the Board held on 17 April 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Expansion of the Company's Margin Financing and Securities Lending Business Scale*.

- (6) During the 37th Meeting of the 5th Session of the Board held on 29 April 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Review of 2015 First Quarterly Report of the Company* and the *Resolution on Change in Name of the Trading Department of the Company*.
- (7) During the 38th Meeting of the 5th Session of the Board held on 8 June 2015 at CITIC Securities Tower, Beijing, the Board considered and approved unanimously the *Proposal on Placement of H Shares to National Council for Social Security Fund and Listing on the Stock Exchange of Hong Kong Limited and the Resolution on Authorization of Convening of the 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting*.
- (8) During the 39th Meeting of the 5th Session of the Board held on 18 June 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Authorization of Launching the Business of Asset-backed Securities backed by Stock-pledged Creditor's Rights by the Company*.
- (9) During the 40th Meeting of the 5th Session of the Board held on 6 July 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Supporting of the Joint Announcement of 21 Securities Companies*.
- (10) During the 41st Meeting of the 5th Session of the Board held on 14 August 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Authorization of Launching the Business of Asset-Backed Securities Backed by Financing related Creditor's Rights by the Company*.
- (11) During the 42nd Meeting of the 5th Session of the Board held on 24 August 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Considering the 2015 Interim Report of the Company, the Resolution on Considering of the 2015 Interim Compliance Report of the Company and the Resolution on Provision of guarantees for Application of Fixed-assets Loans by An Indirectly Wholly-owned Subsidiary*.
- (12) During the 43rd Meeting of the 5th Session of the Board held on 1 September 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Continuing to Carry out Return Swaps Business with China Securities Finance Corporation Limited*.
- (13) During the 44th Meeting of the 5th Session of the Board held on 29 October 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Review of the 2015 Third Quarterly Report of the Company*, and the *Resolution on Adjustments to Duties and Responsibilities of the Company's Senior Management*.
- (14) During the 45th Meeting of the 5th Session of the Board held on 2 December 2015 by means of teleconference, the Board considered and approved unanimously the *Proposal on Election of Members of the Sixth Session of the Board and the Resolution on Authorization of Convening the 2016 First Extraordinary General Meeting*.
- (15) During the 46th Meeting of the 5th Session of the Board held on 23 December 2015 by means of teleconference, the Board considered and approved unanimously the *Resolution on Changes in Standards on Provision of Bad Debts in the Financing Business by the Company and the Resolution on Internal Organization Structure of the Company*.

Note: For details of the resolutions of the Board and the regular reports considered and approved by the Board as 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 Board meeting are as follows:

Name of Director	Scheduled attendance at general meetings held during the year	Actual attendance	Attendance of on-site meetings by other means	Attendance by proxy	Absence	Attendance mode of on-site meeting
WANG Dongming	15	15	—	—	—	On-site
CHENG Boming	15	12	—	—	3	On-site
YIN Ke	15	15	2	—	—	Telephone/ Video-conference
LIU Lefei ^{Note 1}	15	14	1	1	—	On-site
JU Weimin ^{Note 2}	6	6	1	—	—	Telephone
FANG Jun	15	15	—	—	—	On-site
LEE Kong Wai, Conway	15	15	2	—	—	Telephone
RAO Geping	15	15	—	—	—	On-site
WU Xiaoqiu	15	15	1	—	—	On-site/Telephone
Board meetings held during the year					15	
Among which: Number of meetings on-site					2	
Number of meetings held by teleconference					13	
Number of meetings held both on-site and via teleconferencing					—	

Note 1: On 8 June 2015, Mr. LIU Lefei, a Director, appointed WANG Dongming, the Chairman, as his proxy to vote on his behalf in respect of the matters being considered at the 38th Meeting of the 5th Session of the Board.

Note 2: During Mr. JU Weimin's term of office in 2015, the Company held six Board meetings and he attended all the meetings.

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

- (1) 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 8 tranches of commercial papers during the reporting period. As at 31 December 2015, all of these commercial papers were fully settled.
- (2) On 13 March 2013, the 2013 First Extraordinary General Meeting of the Company considered and approved the *Resolution on the General Mandate to Issuances of Onshore and Offshore Corporate Debt Financing Instruments*; 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*; on 19 June 2015, the 2014 Annual General Meeting of Company considered and approved the *Resolution on Re-authorization of Issuance of Onshore and Offshore Corporate Debt Financing Instruments by the Company* and the implementation of such resolutions of general meetings. Please refer to "7.4 Issue of Securities in the Last Three Years"

- (3) On 16 February 2015, the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting of the Company considered and approved the *Proposal on the Non-public Issuance and Listing of H Shares by the Company on the Stock Exchange of Hong Kong Limited* (please refer to “7.4 Issue of Securities in the Last Three Years”), and the Company was authorised to make amendments to the Articles of Association of the Company in relation to registered capital and number of shares in light of the issuance results of H shares. On 19 June 2015, the 2014 Annual General Meeting of the Company considered and approved the *Resolution on the Amendments to the Articles of Association* and the Company was authorised to engage in the stock options market making business and make amendments to the Articles of Association of the Company in relation to the scope of business. The formalities of above-mentioned changes to the Articles of Association of the Company were completed on 4 August 2015.
- (4) On 19 June 2015, the 2014 Annual General Meeting of Company considered and approved the *Resolution on the 2014 Profit Distribution Plan of the Company* (please refer to “6. Significant Events” of this results announcement for details). The cash dividend was denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. All cash dividends were fully paid on 14 August 2015.
- (5) On 19 June 2015, the 2014 Annual General Meeting of Company considered and approved the *Resolution on Change of Accounting Firms*. Pursuant to the resolution, the Company appointed PwC Zhong Tian and PwC Hong Kong as the external auditors of the Company for 2015 and PwC Zhong Tian as the auditor for the internal control of the Company in 2015. On 23 March 2016, PwC Zhong Tian issued standard unqualified audit reports and the Audit Report on the Internal Control for the Company.
- (6) On 16 February 2015, the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting of the Company considered and approved the *Resolution on Listing of Additional H Shares Issued by the Company on the Stock Exchange of Hong Kong Limited* and the Company was authorized to issue no more than 1,500,000,000 additional H shares. On 22 May 2015, the Company received the Approval for Additional Issuance of Overseas Listed Foreign Shares of CITIC Securities Co., Ltd. from the CSRC (Zheng Jian Xu Ke [2015] No.936), pursuant to which the Company was approved to issue no more than 1,500,000,000 additional H shares. On 23 June 2015, the Company completed the issue of H shares and the number of H shares issued is 1,100,000,000 Shares with the net proceeds of approximately HKD26.784 billion.
- (7) 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.* The closing date of the absorption and merger of CITIC Securities (Zhejiang) by the Company was on 1 September 2015 and the relevant financial data of CITIC Securities (Zhejiang) has been since then consolidated into the financial statements of the Company’s parent. Upon settlement on 11 September 2015, customers and business of CITIC Securities (Zhejiang) were transferred and merged into the Company. On 29 October 2015, the *Notice of Approval for De-registration((Zhe Gong Shang) Deng Ji Nei Xiao Zi [2015] No. 087)* was issued by the Administration of Industry and Commerce of Zhejiang Province to CITIC Securities (Zhejiang), and CITIC Securities (Zhejiang) has completed the required procedures for business deregistration.

9.4.4.3 Training of Directors

On-going training of Directors is a continuous program. The Company will arrange induction training for all new Directors according to their respective experiences and backgrounds. 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.

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	Former executive Director, Chairman	On 27 March 2015, Mr. WANG participated in the Boao Forum for Asia and delivered a speech on the theme of "The Asset Management Boom: Innovation, Risks & Regulation". He participated in the online securities practitioners follow-up training organized by SAC.
CHENG Boming	Former executive Director, President	Mr. CHENG Boming delivered a lecture entitled "Corporate Development Strategies Choice and Business Transformation Exploration" to new employees of the Company in May and September 2015, respectively. He participated in the online securities practitioners follow-up training organized by SAC.
YIN Ke	Executive Director, Former Vice-chairman	On 17 June 2015, Mr. YIN Ke participated in training on compliance with "Volcker Rule" and prevention of financial crime organized by CITIC Securities International. On 1 December 2015, he participated in "Regulatory insights: training on investigation and prosecution of rights" organized by SFC. He participated in the online securities practitioners follow-up training organized by SAC.

Name	Position	Methods and Details of the Training
LIU Lefei	Former executive Director, Vice-chairman	Mr. LIU Lefei read more than 50 books in relation to financial investment.
FANG Jun	Non-executive Director	On 20 February 2015, Mr. FANG Jun participated in the special lectures entitled “China’s Economic New Normal -2014 Economic Situation Analysis and Outlook for 2015” and “Development, Differentiation and Prospects of Local Financing Platform” organized by CCXI. On 15 April 2015, he participated in the information-sharing activities relating to deepening reforms on stated owned enterprises organized by relevant departments of China Life Insurance. On 8 June 2015, he participated in trainings on, among other things, interpretations on the Guiding Opinions on Full Promotion of the Establishment of Management Accounting System and the series of trainings on financial statements analysis, interpretations and practices of latest tax polices organized by Deloitte. He participated in over 10 trainings on, among other things, economy, finance and corporate governance organized by China Life Insurance.
WU Xiaoqiu	Former independent non-executive Director	On 28 March 2015, Mr. WU Xiaoqiu attended and spoke at the Boao Forum for Asia. On 14 April 2015, he delivered a speech entitled “3D Reform on China’s Finance” at the training class for bureau-level cadres of the Organization Department of the Central Committee of the CPC organized by Renmin University of China. On 25 May 2015, he delivered a speech entitled “Strategic Goal of China’s Finance and Development of Capital Market” at the training class for department-chief-level cadres of the Ministry of Education organized by Renmin University of China. He delivered a special lecture entitled “Deepening Reform, Further Opening Up and Promoting the prosperity and development of China’s Securities Market” at the Standing Committee of the NPC on 24 September 2015 and 27 November 2015, respectively.
LEE Kong Wai, Conway	Independent non-executive Director	On 26 March 2015, Mr. LEE participated in the training on continuity and responsibilities of listed companies and their directors in Hong Kong. On 8 June 2015, attended a presentation given by Sit, Fung, Kwong & Shum Solicitors & Notaries on the analysis of the relevant rules and an introduction on the “Guidelines for Environmental, Social and Governance Reports”; and a refresher course on laws and regulations of 2015 was provided by Freshfields Bruckhaus Deringer.
RAO Geping	Independent non-executive Director	In May 2015, Mr. RAO Geping delivered a lecture entitled “Relationship between the National Constitution and Hong Kong/Macau Basic Laws” to deputies to the NPC and CPPCC members from Hong Kong and Macau at the lectures organized by the General Office of the Standing Committee of the NPC. He delivered several lectures in relation to the One Country, Two Systems and the Basic Law to civil servants of Hong Kong Government.
ZHANG Youjun	Executive Director, Chairman	From 12 August to 14 August 2015, Mr. ZHANG Youjun participated in the trainings for permanent personnels of Chinese institutions stationed in Hong Kong and Macau organized by Hong Kong and Macau Affairs Office of the State Council. From 7 September to 1 December 2015, he participated in the 39th session of Young Cadre Training Scheme of CPC Central School. In September 2015, he participated in the first session of CITIC Construction’s auditorium training class. He participated in the online securities practitioners follow-up training organized by SAC.

Name	Position	Methods and Details of the Training
YANG Minghui	Executive Director	On 20 May 2015, Mr. Yang Minghui participated in the training on macroeconomic situation analysis organized by CITIC Securities. From July to August 2015, he participated in the online securities practitioners follow-up training organized by SAC.
LIU Ke	Independent non-executive Director	Mr. LIU Lefei read more than 10 books in relation to finance and enterprise management in 2015.
HE Jia	Independent non-executive Director (subject to obtaining relevant qualification)	In October 2015, Mr. HE Jia published an article entitled “Financial Crisis and Government Assistance” on 19th special issue of China Finance. On 15 October 2015, He delivered a speech entitled “Logic of Financial Crisis and Government Assistance” in the lecture organized by Shenzhen Stock Exchange. On 2 November 2015, he delivered a lecture to students of the party school at the CSRC Party School Class (Autumn) with the theme of Study on Certain Basic Issues in relation to China’s Finance. On 27 November 2015, he attended the Annual Conference of Southern University of Science and Technology of China and issued the Research Report on Competitiveness of Banks in Asia. On 6 December 2015, he attended the 8th China Quantitative Investment International Summit and delivered a keynote report entitled “Overview of the Latest Policy Environment and Overall Results of China Capital Market” thereat. From 8 to 9 January 2016, he attended 20th China Capital Market Forum held at the Yi Fu Conference Centre of Renmin University of China and spoke thereat in relation to, among other things, development of financial theories and differences between the Chinese and European/American capital markets.
CHAN Charles Sheung Wai	Independent non-executive Director (subject to obtaining relevant qualification)	Mr. CHAN read more than 10 books in relation to finance and investment. He participated in the trainings on, among others, accounting, internal control and management organized by PwC Hong Kong.

9.5 Chairman

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.

9.6 Non-executive Directors

The Company currently has four non-executive Directors, of which three are independent non-executive Directors. For details about their terms, please refer to “8.1 Basic Information of Directors, Supervisors and Senior Management” of this results announcement.

9.7 Specialized Committees under the Board

The Fifth Session of 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:

No.	Specialized Committee under the Board	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	RAO Geping, LEE Kong Wai, Conway, WU Xiaoqiu
4	Nomination Committee	WU Xiaoqiu, WANG Dongming, LEE Kong Wai, Conway, RAO Geping
5	Risk Management Committee	CHENG Boming, YIN Ke, JU Weimin, FANG Jun, LIU Lefei
6	Related Party Transactions Control Committee	LEE Kong Wai, Conway, WU Xiaoqiu, RAO Geping

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 formulate clearer strategic goals, put more efforts into internationalization process, improve business system and procedures, insist on the operation philosophy of regulated operation and strict risk control. The Company also should actively respond to the “One Belt and One Road” strategy of the State by striving for contributions to the PRC’s economic and capital market development. During the reporting period, none of the committee members raised objection to the matters being considered.

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

9.7.1 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 2 December 2015, at which the *Proposal on Election of Members of the Sixth Session of the Board*. The preliminary review on the *Proposal on Election of Members of the Sixth Session of the Board* was conducted at such meeting from the perspective of the Company’s development strategies and it was concluded that the composition of the Sixth Session of the Board was reasonable and in compliance with the laws and regulations and in line with the Company’s strategies which would facilitate the internationalization of the Company’s business. As a result, such matter was approved for submission to the Board for consideration. Mr. CHENG Boming, a member of the Committee, was absent from the meeting.

9.7.2 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 2015 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 2015
- considering the remuneration for and appointment of the external auditors in 2015
- reviewing and monitoring the independence of the external auditors and the non-audit work they performed

Meetings of the Audit Committee during the reporting period and up to the date of this announcement are as follows:

Date of meeting	Resolutions Passed
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, 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 Self-Assessment Report on Internal Control of the Company, Audit Report on the Internal Control of the Company and Report of the Audit Committee on the Performance of Duties for 2014
29 April 2015	2015 First Quarterly Report of the Company
24 August 2015	2015 Interim Report of the Company
29 October 2015	2015 Third Quarterly Report of the Company
23 December 2015	Proposal on Changes in Standards on Provision of Bad Debts in the Financing Business by the Company and Proposal on Review of 2015 Integrated Audit Plan of the Company
19 January 2016	Election of Chairman for the Audit Committee of the Sixth Board of Directors
1 March 2016	The Report of PricewaterhouseCoopers Regarding the Company's Preliminary Audit Result of 2015, Proposal on the Adjustment of 2015 Audit and Review Expenses of the Company, Audit Work Report of the Company for 2015, Audit Work Plan of the Company for 2016
21 March 2016	Audit Conclusions of PricewaterhouseCoopers, Annual Report of the Company for 2015, Appraisal Report of Internal Control of the Company in 2015, Internal Control Audit Report of the Company, Performance Report of the Audit Committee for 2015.

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	—
JU Weimin	Non-executive Director	4/4	During Mr. JU Weimin's term of office in 2015, the Company held four meetings of the Audit Committee and he attended all of such meetings.

Overview of Audit Work of the Company:

PwC Hong Kong carried out the 2015 audit on the Company by two stages, the preliminary audit and year-end audit. PwC Hong Kong adopted the “Integrated Audit” method to complete the audit work in combination of the audit on financial statements and the audit on internal control. In the preliminary audit stage, PwC Hong Kong conducted the audit on internal control and carried out internal control testing at the entity level and the business process level under the Chinese Certified Public Accountants Auditing Standards, the Guidelines for Audit on Enterprise Internal Control and the Opinions on the Implementation of Audit on Enterprise Internal Control issued by the Chinese Institute of Certified Public Accountants. In the preliminary audit stage, the IT auditors of PwC Hong Kong also conducted understanding of and testing on major computer systems used by the Company. In the year-end audit stage, PwC Hong Kong focused on significant accounting policies, critical accounting judgement and accounting estimation adopted by the Company. PwC Hong Kong conducted detailed testing such as external confirmations and re-calculation and materiality analysis process to conduct audit on financial statements items.

In order to successfully complete the audit on the 2015 Annual Financial Report of the Company and procure PwC to issue relevant reports within the agreed period, the Audit Committee of the 5th Session of the Board authorized the Planning and Financial Department of the Company to discuss with PwC about the planning of audit work, impairments of goodwill, valuation of financial instruments, impairments of financing business, impairments of financial instruments, scope of consolidation, audit progress, timing of initial draft and final draft of the audit report, etc. During the audited period, the Audit Committee made multiple rounds of supervision. On 23 March 2016, PwC issued the standard unqualified audit reports for the Company within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal of PwC. 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 PwC to ensure that the reports issued are true and objective. The Audit Committee has received a written confirmation from PwC of their independence and objectivity prior to the audit of the Company’s 2015 financial statements. PwC 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 PwC conducted its independent audit on the 2015 Annual Financial Report of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work.

On 21 March 2016, the Audit Committee conducted a preliminary review on the 2015 Assessment Report on the Internal Control of the Company and Audit Report on the Internal Control of the Company, and was of the view that the internal control system of the Company was 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 “9.15 Internal Control” of this results announcement.

9.7.3 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 2015 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 one meeting, details of which is as follows:

Date of meeting	Resolutions passed
23 March 2015	Resolution on Reviewing the Report of the Remuneration and Appraisal Committee of the 5th Session of the Board of Directors on the Performance of Duties in 2014; Resolution on Reviewing the Achievement of Performance Targets in 2014 and the Plan of Annual Performance Based Remuneration Policy for Senior Management; Resolution on Reviewing the Pre-distribution Plan of Senior Management Loyalty Award in 2014; Preliminary Proposal on Reviewing the Total Remuneration of the Directors of the Company for 2014 and Preliminary Proposal on Reviewing the Total Remuneration of the Senior Management of the Company for 2014

All members of the Remuneration and Appraisal Committee attended the above meeting.

During the reporting period, the Remuneration and Appraisal Committee supervised 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 2015 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.

9.7.4 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; 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 2015 included:

- nominating CAI Jian as the chief risk officer of the Company
- nominating ZHANG Youjun, YIN Ke, YANG Minghui, FANG Jun, LIU Ke, HE Jia and CHAN, Charles Sheung Wai as director candidates of the 6th Session of the Board
- reviewing and confirming the independence of the three independent non-executive Directors for the period up to 31 December 2015

During the reporting period, the Nomination Committee held two meetings, details of which are as follows:

Date of meeting	Resolutions Passed
12 February 2015	Resolution on Nomination of the Chief Risk Officer of the Company
2 December 2015	Proposal on Director Candidates for the Election of the 6th Session of the Board

All members of the Nomination Committee had attended the above meetings.

9.7.5 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
20 March 2015	Preliminary Proposal on the Review of the 2014 Assessment Report on Internal Control of the Company; Preliminary Proposal on the Review of the Audit Report on the Internal Control of the Company and Preliminary Proposal on the Review of the 2014 Compliance Report of the Company
24 August 2015	Preliminary Review of the 2015 Interim Compliance Report of the Company

Note: During Mr. JU Weimin's term of office in 2015, the Company held one meeting of Risk Management Committee, and he had attended this meeting.

All members of Risk Management Committee had attended the above meetings.

9.7.6 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 one meeting, details of which is as follows:

Date of meeting	Resolutions Passed
20 March 2015	Preliminary Proposal on Reviewing the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments; and Preliminary Proposal on the Related Party/Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2015

All members of the Related Party Transactions Control Committee attended the above meeting.

During the reporting period, the major measures that the Board implemented in respect of corporate governance are as follows:

- Corporate governance of the Company and related recommendations: faced with the fundamental changes caused by the global macro economies in 2015 and policy and environment changes in the industry regulatory level, assisting in investigation etc., which led to relatively great influences and challenges to the Company, the Board and the respective specialized committees carried out on-going understanding on the Company and the status of the market and regulatory requirements, with a view to further streamlining internal management processes, blocking risk leakage and enhancing internal control system.
- Development of Directors and Senior Management: the Company is to provide special training for new Directors and Senior Management when they join 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 the Measures for the Administration of Anti-money Laundering of the pursuant to the relevant requirements under the Anti-money Laundering Provisions for Financial Institutions, (Provisional) Measures for Supervision and Management of Anti-money Laundering in Financial Institutions, and Money Laundering and Terrorist Financing Risk Assessment and Management Guidelines for Classification of Customers in Financial Institutions issued by the People's Bank of China and the Anti-money Laundering Guidelines for Securities Firms issued by SAC, and taking into account the practical circumstances of the Company.
- Corporate Governance Report: The Board reviewed the Corporate Governance Report set out in this announcement prior to its publication, and the Board was of the view that the Corporate Governance Report complied with the relevant requirements of the Hong Kong Listing Rules.

9.8 Performance of Duties by Independent Non-executive Directors

9.8.1 Regular Report of Work

(1) *Change of Accounting Firms*

On 30 January 2015, the 1st Meeting of the Audit Committee of the 5th Session of the Board in 2015 considered and approved the Resolution on the Change of Accounting Firms. Among all of the four members of the Audit Committee, three are independent non-executive Directors. They considered and approved the Resolution on Change of Accounting Firm in their different capacities as members of the audit committee and independent non-executive Directors, agreed to submit the preliminary proposal to the Board Meeting and General Meeting for consideration and approval.

(2) *Compilation and Review of 2014 Annual Report*

On 2 March 2015, the 2nd Meeting of the Audit Committee of the 5th Session of the Board in 2015 considered and approved the Report of Ernst & Young Regarding the Company's Preliminary Audit Results of 2014, and Resolution on Review of 2015 Audit Work Plan of the Company and conducted preliminary reviews on the Proposal on Review of 2014 Audit Work Report of the Company. Among all of the four members of the Audit Committee, three were independent non-executive Directors. They reviewed and delivered their opinions on the 2014 audit plan in two different capacities, i.e. as members of the Audit Committee and as independent non-executive Directors.

On 20 March 2015, the 3rd Meeting of the Audit Committee of the 5th Session of the Board in 2015 considered and approved the Resolution on Review of Audit Working Summary of Ernst & Young, Resolution on Review of 2014 Duty Performance Report of Audit Committee of the Board, and preliminarily reviewed the Proposal on Review of 2014 Annual Report of the Company, Proposal on Review of 2014 Self-evaluation Report of Internal Control of the Company, Proposal on Review of Internal Control Audit Report of the Company. Among all of the four members of the Audit Committee, three were independent non-executive Directors. They reviewed and delivered their opinions on the 2014 Annual Report in two different capacities, i.e. as members of the Audit Committee and as independent non-executive Directors.

(3) Preparation and Review of 2015 Annual Report

On 23 December 2015, the 4th Meeting of the Audit Committee of the 5th Session of the Board in 2015 considered and approved the 2015 Consolidated Audit Plan of CITIC Securities Company Limited. All three members of the Audit Committee were independent non-executive Directors. They reviewed and delivered their opinions on the 2015 audit plan in two different 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 2015 Consolidated Audit Plan of CITIC Securities Company Limited.

On 1 March 2016, 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 2015. All of the independent non-executive Directors of the Company, as members of the Audit Committee, had reviewed *the Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Result of 2015, Audit Work Plan of the Company for 2016*, conducted preliminary reviews on *Audit Work Report of the Company for 2015 and Proposal on the Adjustment of 2015 Audit and Review Expenses of the Company*.

On 21 March 2016, all of the independent non-executive Directors, as members of the Audit Committee, reviewed the *Working Summary of PricewaterhouseCoopers* and *Annual Report of the Audit Committee on the Performance of Duties in 2015*, and conducted a preliminary review on the *2015 Annual Report of the Company, 2015 Self-evaluation Report of Internal Control of the Company and Internal Control Audit Report of the Company*.

9.8.2 Review and Consideration on Related Party/Connected Transactions

- (1) On 4 March 2015, the independent non-executive Directors of the Company conducted a voting on a related/connected transaction regarding the signing of "Entrusted Promotion Contract" by the Company and Beijing Guoan. This transaction was approved and the resolution was filed with the SSE for record on the same date.
- (2) On 8 June 2015, the independent non-executive Directors of the Company conducted a voting on a related/connected transaction regarding the joint establishment of CITIC GoldStone (Tianjin) Fund Management Company Limited by GoldStone Fund, an indirect wholly-owned subsidiary of the Company, and Yangzhou Xintai Property Development Company Limited, an indirect wholly-owned subsidiary of CITIC Pacific Limited. This transaction was approved and the resolution was filed with the SSE for record on the same date.
- (3) On 28 August 2015, the independent non-executive Directors of the Company conducted a voting on a related/connected transaction regarding the signing of "Entrusted Promotion Supplementary Contract" by the Company and Beijing Guoan. This transaction was approved and the resolution was filed with the SSE for record on the same date.
- (4) On 16 October 2015, the independent non-executive Directors of the Company conducted a voting on a related/connected transaction regarding the transfer of 49% in CTI Capital Management to CITIC Trust by CSI, a wholly-owned subsidiary of the Company. This transaction was approved and the resolution was filed with the SSE for record on the same date.

9.8.3 Other Performance of Duties

On 12 February 2015, the independent non-executive Directors of the Company reviewed and provided independent opinions on the chief risk officer candidate of the Company in accordance with relevant information of the Company and their experiences and provided independent opinions.

On 20 March 2015, the independent non-executive Directors of the Company gave specific explanations and provided independent opinions on the 2014 accumulated and current guarantee according to the provisions and requirements of Zheng Jian Fa [2003] No. 56. They reviewed, among others, the 2014 profit distribution plan of the Company, change of accounting firms, the total remuneration of directors and Senior Management for 2014, the related/connected transactions contemplated in the ordinary and usual course of business in 2014 and related/connected transactions to be contemplated in the ordinary and usual course of business in 2015, and delivered their independent opinions.

On 24 August 2015, the independent non-executive Directors of the Company, in accordance with the relevant requirements of the CSRC and the Company, conducted detailed review on the Board's review on the application for fixed assets loan by GoldStone ZeXin, a wholly-owned indirect subsidiary, with security guarantee proposed to be provided by the Company, and provided an independent opinion on the provision of such guarantee.

On 2 December 2015, the independent non-executive Directors of the Company, in accordance with the information provided by the Company and on their enquiries, reviewed candidate by candidate details of the director candidates for the 6th Session of the Board and provided an independent opinion.

9.8.4 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 "9.4.4.1 Meetings of the Board and Attendance of Directors" of this announcement.

9.9 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 2015, 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.

9.9.1 Meetings of the Supervisory Committee and Attendance of Supervisors during the Reporting Period

During the reporting period, the Supervisory Committee of the Company convened five meetings in total. Details of which are as follows:

- (1) During the 13th Meeting of the 5th Session of the Supervisory Committee of the Company held on 23 March 2015 at CITIC Securities Tower, Beijing, the committee considered and approved unanimously the *2014 Work Report of the Supervisory Committee, Proposal on the Review of the 2014 Annual Report of the Company, Proposal on the Review of the 2014 Annual Profit Distribution Plan, Proposal on the Review of the Total Remuneration of the Supervisors of the Company for 2014 and Resolution on the Review of 2014 Social Responsibility Report*; and reviewed the *2014 Self-Assessment Report on Internal Control, the 2014 Annual Internal Auditing Report and the 2014 Annual Compliance Report of the Company*.
- (2) During the 14th Meeting of the 5th Session of the Supervisory Committee of the Company held on 29 April 2015 by means of teleconference, the committee considered and approved unanimously the *2015 First Quarterly Report of the Company*.
- (3) During the 15th Meeting of the 5th Session of the Supervisory Committee of the Company held on 24 August 2015 by means of teleconference, the committee considered and approved unanimously the *2015 Interim Report of the Company*, and reviewed the *2015 Interim Compliance Report of CITIC Securities Company Limited*.
- (4) During the 16th Meeting of the 5th Session of the Supervisory Committee of the Company held on 29 October 2015 by means of teleconference, the committee considered and approved unanimously the *2015 Third Quarterly Report of the Company*.
- (5) During the 17th Meeting of the 5th Session of the Supervisory Committee of the Company held on 2 December 2015 by means of teleconference, the committee considered and approved unanimously the Preliminary Proposal on Election of non-employee Supervisors of the 6th Session of the Supervisory Committee of the Company.

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		Absence	Mode of attendance at on-site meetings
		Actual attendance	by other means	Attendance by proxy			
NI Jun ^{Note 1}	Former Chairman of the Supervisory Committee	5	5	—	—	—	On-site
GUO Zhao	Supervisor	5	5	—	—	—	On-site
HE Dexu ^{Note 2}	Former Supervisor	5	5	—	—	—	On-site
LEI Yong	Employee Representative Supervisor	5	5	—	—	—	On-site
YANG Zhenyu	Employee Representative Supervisor	5	5	—	—	—	On-site
Supervisory meetings held during the year						5	
Of which:	Number of meetings held on-site					1	
	Number of meetings held by teleconference					4	
	Number of meetings held both on-site and via teleconferencing					—	

Note 1: Ms. NI Jun has resigned from his position as supervisor and the chairman of the Supervisory Committee on 19 January 2016.

Note 2: Mr. HE Dexu has resigned from his position as external supervisor of the Company on 4 December 2015.

9.9.2 Participating in the Internal 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 three internal audit projects to listen to the exchange of opinions and feedbacks from the internal audit project teams and the unit being audited to obtain an understanding on the operational compliance and risk control of the unit being audited at the site. The details are shown below:

Date	Supervisor name	On-site inspection unit
26 May 2015	NI Jun, HE Dexu, LEI Yong, YANG Zhenyu	Taiyuan Yingze West Street Branch
16 October 2015	NI Jun	Fujian Branch
20 October 2015	NI Jun, HE Dexu, LEI Yong	Haining Haichang South Road Securities Branch

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.

9.9.3 Independent Opinion of the Supervisory Committee

During the reporting period, the Supervisors in-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. The Supervisory Committee of the Company had no disagreement with any supervisory matters during the reporting period. The Supervisory Committee had continuous concern about the incidents where some staff of the Company were assisting in or under investigations, and supervised the Company to conduct the relevant tasks of self-examination, review and improvement.
- (2) The financial position of the Company was satisfactory. The financial statements for 2015 had been audited by PricewaterhouseCoopers. Both accountants had issued their respective auditor's reports 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 1.1 billion H Shares through non-public issuance and net proceeds of RMB21.122 billion were raised. As at 31 December 2015, the use of proceeds were as follows: HK\$13.0 billion (equivalent to RMB10.414 billion) was transferred to China for use in developing capital-based business, an equivalent amount of RMB5.495 billion was used for developing overseas business, and un-used amount equivalent to RMB5.213 billion was temporarily deposited in an offshore account.

During the reporting period, the Company carried out the issuance of one tranche of RMB corporate bonds with an issue size of RMB8 billion; the issuance of one tranche of short-term corporate bonds for securities firms with an issue size of RMB8 billion; the issuance of two tranches of RMB subordinated bonds with an aggregate issue size of RMB20 billion; the issuance of eight tranches of short-term commercial papers and 288 tranches of beneficiary certificates. The indirect wholly-owned subsidiary of the Company, CITIC Securities Finance MTN, carried out 8 drawdowns of USD medium term notes with an aggregate issue size of USD439.68 million. The proceeds raised were used to provide supplementary liquid capital for the Company, in line with the disclosure contained in the offering documents.

- (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 improving 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 reviewed the *2015 Annual Profit Distribution Plan of the Company* and considered the 2015 Annual Profit Distribution formulated by the Board 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 2015 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 reviewed the *2015 Assessment Report on Internal Control*, the *2015 Annual Internal Auditing Report* and the *2015 Annual Compliance Report of the Company*, and it had no disagreement with the contents therein.

9.10 Appointment of Auditors

Please refer to "6.3 Appointment or Termination of Accounting Firms" for information about the appointment of auditors.

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of audit opinions on the financial statements based on their audit work.

9.11 Non-audit Work

During the reporting period, the Company engaged Ernst & Young Hua Ming LLP and PricewaterhouseCoopers Zhong Tian to provide capital verification services in relation to the wealth management products launched by the Company, the relevant fees for capital verification were paid by the wealth management products.

9.12 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 announcement. 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.

9.13 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 43 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 37 (primarily in relation to insider trading control and information disclosure under the Shanghai-Hong Kong Stock Connect)); the webinar on the topics of: How to assist the Board to operate; Discussion on shares incentive plan of employee; 2015 Overview of A+H general meetings and Share of related regulations and notes, organized by Computershare Hong Kong Investor Services Limited; trainings for supporting officers organized by the Company and PBC School of Finance, Tsinghua University (including topics on the medium and long growth trends of the Chinese economy and financial reforms, domestic and overseas capital market analysis and investment bank etc.).

9.14 Investor Relations

9.14.1 Amendments to the Articles of Association

In accordance with the resolution at the first extraordinary general meeting of shareholders in 2014, the resolution at the general meeting of shareholders in 2014, the resolution at the first extraordinary general meeting of shareholders in 2015 and the resolution at the first A Shareholders Class Meeting in 2015, the resolution at the first H Shareholders Class Meeting in 2015, the Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities Company Limited issued by the CSRC, the Approval on Additional Issue of Overseas Listed Foreign Shares of CITIC Securities Company Limited, and the Approval relating to the Merger by Absorption of CITIC Securities (Zhejiang) Co., Ltd. by CITIC Securities Company Limited, the Company completed the changes to the Articles of Association and Business License on 4 August 2015.

These changes involved the business scope and registered capital of the Company and the number of shares, and the relevant information after the changes is as follow:

The business scope of the Company: securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Tiannan county of Zhejiang 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.

Registered capital: RMB 12,116.9084 million

Total number of shares: 12,116.9084 million shares, among others, shareholders of domestic shares held 9,838.5807 million shares, shareholders of overseas-listed foreign shares held 2,278.3277 million shares.

The amended Articles of Association was effective from 4 August 2015, for more information, please refer to SSE website, HKExnews website of HKEx and the website of the Company.

9.14.2 Investor Relations during the Reporting Period

The Board and the operating management of the Company attach great importance to and spare no effort on investor relations.

In 2015, 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.

In 2015, the Company organized various exchange activities for investors and analysts in accordance with the regulatory requirements and the needs for business development including: three shareholders' general meetings, two A shareholders class Meetings and two H shareholders class 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 2014 annual results briefing and 2015 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; coordination with the company strategy and in the face of emergencies, the company management actively held analyst meeting to discuss the additional issue matter of H shares and others with investors, 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. 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, company website and Shanghai Stock Exchanges Interactive Platform to provide its investors with a convenient, quick, timely and comprehensive method to know about the development of the Company.

In 2016, 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.

9.15 Internal Control

9.15.1 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 organizing and steering the daily operation of internal control.

The internal control of the Company 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, changes in circumstances may render the internal control inappropriate, or reduce the degree of control over the compliance with policies and procedures, predicting effectiveness of internal control in future according to the appraisal results of internal control may involve certain risks.

9.15.2 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.

9.15.3 Overall View on 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.

9.15.4 Disclosure of Appraisal Report on the Company's Internal Control

As a company concurrently listed domestically and abroad, the Company has disclosed the *2015 Annual Appraisal Report on Internal Control* together with this results announcement. Pursuant to the *Guidelines on Internal Control for Enterprises* and ancillary guidelines, *Rule 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 conducted a self-appraisal on the effectiveness of internal control design and operation as at 31 December 2015. In respect of the business and matters included in the appraisal scope, the Company has established and effectively implemented an internal control system which has achieved the objectives of the Company's internal control and without material or major defect. The Company disclosed the Audit Report of Internal Control at the same time when disclosing this announcement.

9.15.5 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 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.

9.15.6 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.

9.15.7 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. The Company has established and improved the *Compliance Management Provisions* as the basic system, and adopts the Staff Compliance Code, Compliance Consulting and Review System, Customer Complaints Reporting and Handling System, Compliance Report System, Compliance Appraisal System, Information Segregation Wall System and its ancillary measures, Anti-money Laundering Working System, Internal Working System of the Compliance Department, relevant departments/business lines and Compliance System for Branches as the working system for specific tasks to form a more comprehensive compliance management system.

In September 2015, in order to enhance the sense of compliance among staff of the Company and to further improve the effectiveness of compliance management, the Company published the book of Consolidated Compliance Management System by combining the key compliance systems for distribution to new staff, all departments, business lines and subsidiaries of the Company, requiring employees of all departments and business lines to learn it seriously. In December 2015, in order to encourage and promote the building of global compliance culture, the Company compiled and released a bilingual publication "CITIC Securities Global Compliance Handbook" to ensure that our employees will be familiar with the basic compliance requirements when conducting business worldwide to further prevent global compliance risk.

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 work by focusing on risks and mainly enhanced the audit on the headquarters, securities business department, domestic and overseas subsidiaries and the high-risk businesses concerned by the regulatory authorities.

During the reporting period, the audit department completed a total of 87 audit tasks, including conducting audits and reviews on 12 departments/business lines at the headquarters, 4 subsidiaries (7 projects) and 68 branches, the details of which are as follows:

12 audit projects at the headquarters, including routine audits on the Asset Management Department, Equity investment department, the Alternative Investment Business Line, the Block Trading Business Line, the Stock Capital Market Department, the Merge Business Line, the Research Department and the Entrust Department; special audits on the Structure Financing Business; follow-up audits on Fixed Revenue Department, Asset Management Department and Research Department;

7 audit projects in 4 subsidiaries, including routine audits on Goldstone Investment, routine audits on CITIC Futures, resignation audits on former general manager of GoldStone Investment, CSI that are engaged in brokerage, futures, asset management, investment banking and proprietary businesses;

68 audit projects in the branches, including compulsory post audits on the general managers of 38 branches, departure audits on the general managers of 27 branches and follow-up audits on 3 branches;

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 awareness 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 2015, the net capital of the Company was RMB89.415 billion and all types of risk control indicators complied with the relevant regulatory requirements.

Account regulation of the Company

In 2015, the Company continued to strengthen its day-to-day account regulation. In response to the account innovation businesses that have emerged in the industry, the Company has developed a comprehensive systems to regulate such business, such as amendment of Account Management Business Guidelines of the Company after unifying account platform online, and specialized training for its branches to eliminated non-standard accounts. In September 2015, the Merger by Absorption of CITIC Securities (Zhejiang) by the parent company was implemented. In December 2015, account information standardizing work in relation to CSDC Unified Account Platform (一碼通) was completed. As of 31 December 2015, the Company's brokerage customers had 7,365,822 securities accounts, of which 6,672,116 were qualified securities account, representing 90.58% of the total; 692,572 were dormant securities accounts, representing 9.40% of the total; 1,134 were unqualified securities accounts, representing 0.02% 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 2015, the Company's brokerage customers had 5,014,610 capital accounts, of which 4,328,945 were qualified capital accounts, representing 86.3267% of the total; 684,137 were dormant capital accounts, representing 13.6429% of the total; 1,501 were unqualified capital account, representing 0.0299% of the total; 27 were unqualified capital accounts frozen by judicial orders, representing 0.0005% of the total and there was no risk disposition capital account.

The account regulation above is also disclosed in the 2015 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 2015, 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), PricewaterhouseCoopers Zhong Tian LLP issued the *Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties* (Pricewaterhouse Coopers Zhong Tian Te Shen Zi (2016) No.0601), stating that there was no appropriation of funds by the largest shareholder or other related parties of the Company in 2015.

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 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 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. As of 31 December 2015, CITIC Securities Finance MTN made drawdown and issued medium term notes in an aggregate amount of USD1,089.68 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.

In 2015, the Company provided security guarantee for the fixed assets loan applied by GoldStone ZeXin, an indirect wholly-owned subsidiary of the Company, with the guarantee amount at RMB5 billion. The purpose of the guarantee is to satisfy the needs of GoldStone ZeXin for the construction of the CITIC financial centre, and such guarantee will not be detrimental to the legitimate interests of the Company and other shareholders.

As at 31 December 2015, a wholly-owned subsidiary of the Company, CSI and its wholly-owned subsidiary, CITIC CLSA, 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 2015, 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.

10. Independent Auditor's Report and Notes to Financial Statements

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INDEPENDENT AUDITOR’S REPORT

To the shareholders of CITIC Securities Company Limited

(Incorporated 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 152 to 226, which comprise the consolidated statements of financial position as at 31 December 2015, 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 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and report our opinion 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 auditor’s judgment, 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 auditor considers 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

(In RMB thousands, unless otherwise stated)

	Notes	2015	2014
Revenue			
Fee and commission income		34,252,523	18,915,358
Interest income	7	15,621,547	7,850,808
Investment income	8	19,510,014	10,204,336
		69,384,084	36,970,502
Other income	9	3,539,811	2,554,813
Total revenue and other income		72,923,895	39,525,315
Fee and commission expenses	10	4,621,076	1,798,997
Finance costs	10	12,830,544	6,900,792
Staff costs	10	14,797,624	9,463,242
Depreciation		284,926	376,538
Business tax and surcharges		2,767,980	1,257,025
Other operating expenses and costs	10	8,498,901	4,336,205
Impairment losses	13	2,481,231	599,975
Total operating expenses		46,282,282	24,732,774
Operating profit		26,641,613	14,792,541
Share of profits and losses of:			
Associates		664,352	638,022
Joint ventures		(18,821)	(8,616)
Profit before income tax		27,287,144	15,421,947
Income tax expense	14	6,926,800	3,560,448
Profit for the year		20,360,344	11,861,499
Attributable to:			
Owners of the Parent		19,799,793	11,337,194
Non-controlling interests		560,551	524,305
		20,360,344	11,861,499
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
– Basic	17	1.71	1.03
– Diluted	17	1.71	1.03

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(In RMB thousands, unless otherwise stated)

	2015	2014
Profit for the year	20,360,344	11,861,499
Other comprehensive income	2,334,233	2,026,175
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Available-for-sale financial assets:		
Changes in fair value	4,091,585	2,878,444
Income tax effect on changes in fair value	(993,413)	(672,291)
Gains transferred included in the consolidated income statement, net	(1,707,484)	(116,170)
	1,390,688	2,089,983
Share of other comprehensive income of associates and joint ventures	40	—
Exchange differences on translation of foreign operations	944,845	(63,808)
Other	(1,340)	—
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods	—	—
Other comprehensive income for the year, net of tax	2,334,233	2,026,175
Total comprehensive income for the year	22,694,577	13,887,674
Attributable to:		
Owners of the Parent	22,063,367	13,384,117
Non-controlling interests	631,210	503,557
	22,694,577	13,887,674

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

(In RMB thousands, unless otherwise stated)

	Notes	31 December	
		2015	2014
Non-current assets			
Property, plant and equipment	18	3,856,121	1,222,324
Investment properties		70,921	73,694
Goodwill	19	10,265,277	10,075,152
Land-use rights and other intangible assets	20	3,985,413	1,887,275
Investments in associates	22	4,480,218	3,954,167
Investments in joint ventures	22	3,946	7,829
Available-for-sale financial assets	23	12,154,939	10,557,598
Financial assets designated as at fair value through profit or loss	24	353,524	306,168
Held-to-maturity investments		—	142,585
Refundable deposits	25	3,463,395	3,353,096
Deferred income tax assets	26	3,141,288	2,596,285
Other non-current assets	27	3,634,339	197,503
Total non-current assets		45,409,381	34,373,676
Current assets			
Fee and commission receivables		1,158,753	662,760
Margin accounts	28	75,523,403	74,135,256
Available-for-sale financial assets	23	79,980,146	38,278,411
Financial assets held for trading	29	126,438,796	113,751,561
Financial assets designated as at fair value through profit or loss	24	10,000,078	12,127,559
Derivative financial assets	30	11,594,613	7,281,626
Reverse repurchase agreements	31	36,770,724	42,862,895
Other current assets	32	16,771,559	21,344,829
Cash held on behalf of customers	33	143,553,897	96,840,688
Cash and bank balances	34	68,906,892	37,967,189
Total current assets		570,698,861	445,252,774
Current liabilities			
Customer brokerage deposits	35	150,456,676	101,845,838
Derivative financial liabilities	30	4,765,284	5,339,085
Financial liabilities held for trading	36	3,456,175	2,608,314
Financial liabilities designated as at fair value through profit or loss	37	21,342,602	25,809,281
Repurchase agreements	38	127,788,537	124,914,446
Due to banks and other financial institutions		18,033,000	11,751,000
Taxes payable	39	4,618,751	3,295,465
Short-term loans	40	4,721,632	4,651,416
Short-term financing instruments payable	41	12,848,079	17,997,658
Other current liabilities	42	52,182,331	29,352,488
Total current liabilities		400,213,067	327,564,991
Net current assets		170,485,794	117,687,783
Total assets less current liabilities		215,895,175	152,061,459

	Notes	31 December	
		2015	2014
Non-current liabilities			
Debt instruments issued	43	67,835,803	43,167,363
Deferred income tax liabilities	26	2,542,466	2,610,454
Long-term loans	44	2,345,210	2,314,393
Financial liabilities designated as at fair value through profit or loss	37	1,140,679	2,647,377
Other non-current liabilities	45	293,919	190,387
Total non-current liabilities		74,158,077	50,929,974
Net assets		141,737,098	101,131,485
Equity			
Equity attributable to Owners of the Parent			
Share capital	46	12,116,908	11,016,908
Reserves	47	82,233,809	55,371,420
Retained earnings		44,787,070	32,710,342
		139,137,787	99,098,670
Non-controlling interests		2,599,311	2,032,815
Total equity		141,737,098	101,131,485

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 23 March 2016.

ZHANG Youjun

Chairman

YANG Minghui

Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(In RMB thousands, unless otherwise stated)

	Attributable to Owners of the Parent										
	Reserves							Retained earnings	Subtotal	Non-controlling interests	Total
	Share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve					
At 1 January 2015	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	
Profit for the year	—	—	—	—	—	—	19,799,793	19,799,793	560,551	20,360,344	
Other comprehensive income for the year	—	—	—	—	1,321,834	941,740	—	2,263,574	70,659	2,334,233	
Total comprehensive income for the year	—	—	—	—	1,321,834	941,740	19,799,793	22,063,367	631,210	22,694,577	
Dividend — 2014	—	—	—	—	—	—	(3,415,242)	(3,415,242)	—	(3,415,242)	
Appropriation to surplus reserve	—	—	432,181	—	—	—	(432,181)	—	—	—	
Appropriation to general reserve	—	—	—	3,835,900	—	—	(3,835,900)	—	—	—	
Capital increase/(decrease) by equity holders											
– Capital contribution by equity holders	1,100,000	20,236,724	—	—	—	—	—	21,336,724	39,130	21,375,854	
– Others	—	94,010	—	—	—	—	(39,742)	54,268	14,865	69,133	
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(118,709)	(118,709)	
At 31 December 2015	<u>12,116,908</u>	<u>54,453,478</u>	<u>7,524,925</u>	<u>17,174,481</u>	<u>3,100,360</u>	<u>(19,435)</u>	<u>44,787,070</u>	<u>139,137,787</u>	<u>2,599,311</u>	<u>141,737,098</u>	

	Attributable to owners of the parent										
	Reserves							Retained earnings	Subtotal	Non-controlling interests	Total
	Share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve					
At 1 January 2014	11,016,908	34,428,152	6,439,142	11,401,724	(334,040)	(895,532)	25,632,131	87,688,485	1,713,610	89,402,095	
Profit for the 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	
Total comprehensive income for the year	—	—	—	—	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 equity holders											
– 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)	
At 31 December 2014	<u>11,016,908</u>	<u>34,122,744</u>	<u>7,092,744</u>	<u>13,338,581</u>	<u>1,778,526</u>	<u>(961,175)</u>	<u>32,710,342</u>	<u>99,098,670</u>	<u>2,032,815</u>	<u>101,131,485</u>	

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(In RMB thousands, unless otherwise stated)

	2015	2014
Cash flows from operating activities		
Profit before income tax	27,287,144	15,421,947
Adjustments for:		
Financing interest expense	4,850,905	2,766,264
Share of profits and losses of associates and joint ventures	(645,531)	(629,406)
Dividend income and interest income from available-for-sale financial assets	(1,283,832)	(1,699,262)
Net gains on disposal of available-for-sale financial assets	(5,448,837)	(1,899,256)
Net gains on disposal of property, plant and equipment and other assets	27,470	(1,937,508)
Gain on disposal of subsidiaries	(3)	(1,670,267)
Fair value gains on financial instruments measured at fair value through profit or loss	(1,354,760)	(522,481)
Depreciation	287,699	380,171
Amortisation	397,403	355,676
Impairment on available-for-sale financial assets	1,624,890	566,031
Impairment on other assets	856,341	33,944
	<u>26,598,889</u>	<u>11,165,853</u>
Net increase in operating assets		
Financial assets held for trading	(15,984,147)	(49,880,693)
Cash held on behalf of customers	(46,713,208)	(56,715,367)
Other assets	(3,770,164)	(76,077,454)
	<u>(66,467,519)</u>	<u>(182,673,514)</u>
Net increase in operating liabilities		
Customer brokerage deposits	50,007,851	53,528,259
Repurchase agreements	2,874,091	69,210,191
Other liabilities	32,917,370	25,457,590
	<u>85,799,312</u>	<u>148,196,040</u>
Net cash inflow/(outflow) from operating activities before tax	45,930,682	(23,311,621)
Income tax paid	(6,397,663)	(2,971,797)
Net cash inflow/(outflow) from operating activities	<u>39,533,019</u>	<u>(26,283,418)</u>

	Notes	2015	2014
Cash flows from investing activities			
Dividend income and interest income received from available-for-sale financial assets		1,362,010	1,792,527
Net cash flow from purchases, leases and sales of items of property, plant and equipment and other assets		(4,278,817)	(479,101)
Net cash flow from disposal of subsidiaries		922,251	7,049,851
Net cash flow from business combination	21(e)	(275,787)	61,896
Net cash flow from investments in associates and joint ventures		419,570	826,803
Net cash flow from disposal or purchase of available-for-sale financial assets		(35,881,279)	(9,227,999)
Other cash flows from investing activities		(178,205)	—
Net cash (outflow)/inflow from investing activities		(37,910,257)	23,977
Cash flows from financing activities			
Cash inflows from financing activities		21,472,198	8,807,056
Cash inflows from borrowing activities		2,649,528	9,816,961
Cash inflows from issuing bond		124,348,404	70,921,948
Payment of debts		(107,262,316)	(49,060,380)
Dividends and interest expense		(7,970,267)	(4,185,096)
Other cash outflows from financing activities		(5,928,390)	(27,658)
Net cash inflow from financing activities		27,309,157	36,272,831
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		35,568,511	25,668,912
Effect of exchange rate changes on cash and cash equivalents		1,170,326	(113,791)
Cash and cash equivalents at the end of the year	48	65,670,756	35,568,511
Cash and bank balances	34	68,906,892	37,967,189
Less: Restricted funds	34	3,236,136	2,398,678
Cash and cash equivalents		65,670,756	35,568,511

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

(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 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.

According to a resolution relating to the additional issuance and listing of H shares in Hong Kong passed in the first extraordinary general meeting of the shareholders in 2015, along with the “Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities the Approval relating to Additional Issuance of Overseas Listed Foreign Shares of CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 936)” issued by the CSRC, on 23 June 2015, the Company completed its additional issuance and listing of H shares in Hong Kong. Under this offering, the Company offered a total of 1,100,000,000 H shares with offering price of HKD24.60 per share. As at 31 December 2015, the total share capital of the Company increased to RMB12,116,908,400. The capital increase has been verified by PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No.748.

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

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622) for this financial year and the comparative period.

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 2015

On 1 January 2015, the Group adopted the following new standards, amendments and interpretations.

- | | | |
|-----|--|--|
| (1) | IAS 19 Amendments | Defined Benefit Plans: Employee Contributions |
| (2) | Amendments to IFRSs
(issued in December 2013) | Annual Improvements to IFRSs 2010 – 2012 Cycle |
| (3) | Amendments to IFRSs
(issued in December 2013) | Annual Improvements to IFRSs 2011 – 2013 Cycle |

- (1) *Amendment to IAS 19 (as revised in 2011): Employee Benefits - To Plans that Require Employees or Third Parties to Contribute Towards the Cost of Benefits*

The amendment to IAS 19 (as revised in 2011) - Employee Benefits applies to defined benefit plans where employees or third parties are required to bear some of the cost of the plan. The amendment clarifies the accounting by entities with plans that require contributions linked only to service in each period. Entities with plans that require contributions that vary with service period will be required to recognize the benefit of those contributions over employees' service period.

- (2) *Amendments to IFRSs: Annual Improvements to IFRSs 2010 - 2012 Cycle*

The annual improvements to IFRSs 2010 - 2012 Cycle include a number of amendments to various IFRSs, including the amendments to IFRS 2 - Share-Based Payment, the amendments to IFRS 3 - Business Combinations, the amendments to IFRS 8 - Operating Segments, the amendments to IFRS 13 - Fair Value Measurement, the amendments to IAS 24 - Related Party Disclosures, the amendments to IAS 16 - Property, Plant and Equipment, and the amendments to IAS 38 - Intangible Assets.

- (3) *Amendments to IFRSs: Annual Improvements to IFRSs 2011 - 2013 Cycle*

The annual improvements to IFRSs 2011 - 2013 Cycle include a number of amendments to various IFRSs, including the amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, the amendments to IFRS 3 - Business Combinations, the amendments to IFRS 13 - Fair Value Measurement, and the amendments to IAS 40 - Investment Property.

The adoption of these amendments does not have a significant impact on the operating results, comprehensive income, or financial position of the Group.

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2015

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	
(1)	IFRS 9	Financial Instruments	1 January 2018
(2)	Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
(3)	Amendments to IFRS 11	Acquisition of Interests in Joint Operations	1 January 2016
(4)	IFRS 15	Revenue from Contracts with Customers	1 January 2018
(5)	IFRS 16	Leases	1 January 2019
(6)	Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
(7)	Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
(8)	Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 cycle	1 January 2016
(9)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/ removed.
(10)	Amendments to IAS 1	Disclosure Initiative	1 January 2016
(11)	Amendments to IAS 12	Income Taxes	1 January 2017
(12)	Amendments to IAS 7	Statement of Cash Flows	1 January 2017
(13)	IFRS 14	Regulatory Deferral Account	1 January 2016
(14)	Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants	1 January 2016

(1) IFRS 9: Financial Instruments

The complete version of IFRS 9 – Financial Instruments was issued in July 2014. It replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI in which case the accumulated fair value changes in OCI will not be recycled to the profit or loss in the future. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. The Group is in the process of assessing the impact on the Group’s consolidated financial statements from this new standard.

(2) *Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10. The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture to its investments, or to unwind the fair value measurement and instead perform a consolidation of the investments at the level of the investment entity associate or joint venture.

The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

(3) *Amendments to IFRS 11: Acquisition of Interests in Joint Operations*

The amendments to IFRS 11 - Joint Arrangements provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(4) *IFRS 15: Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalization of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group is in the process of assessing the impact on the Group's consolidated financial statements from this new standard.

(5) *IFRS 16: Leases*

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

(6) *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments to IAS 16 - Property, Plant and Equipment, clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendments to IAS 38 - Intangible Assets, establish a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

(7) *Amendments to IAS 27: Equity Method in Separate Financial Statements*

The IASB has amended IAS 27 - Separate Financial Statements. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group anticipates that the adoption of this new amendment will not have a significant impact on the Group's consolidated financial statements.

(8) *Amendments to IFRSs: Annual Improvements to IFRSs 2012 - 2014 cycle*

The Annual Improvements to IFRSs 2012 - 2014 Cycle include a number of amendments to various IFRSs, including the amendments IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations regarding methods of disposal, the amendments to IFRS 7 - Financial Instruments: Disclosures regarding servicing contracts, the amendments to IAS 19 - Employee Benefits regarding discount rates, the amendments to IAS 34 Interim Financial Reporting regarding disclosure of information. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

(9) *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture*

These amendments address an inconsistency between the requirements in IFRS 10 – Consolidated Financial Statements and those in IAS 28 – Investment in Associates and Joint Ventures in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

(10) *Amendments to IAS 1: Disclosure Initiative*

The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(11) *Amendments to IAS 12, Income taxes*

The IASB has issued amendments to IAS 12, 'Income taxes'. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

(12) *Amendments to IAS 7 - Statement of cash flows*

The IASB has issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

(13) *IFRS 14: Regulatory Deferral Account*

The IASB has issued IFRS 14 - Regulatory Deferral Accounts, an interim standard on the accounting for certain balances that arise from rate-regulated activities ("regulatory deferral accounts"). IFRS 14 is only applicable to entities that apply IFRS 1 - First-time Adoption of International Financial Reporting Standards as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure. The Group anticipates that the adoption of this new standard will not have a significant impact on the Group's consolidated financial statements.

(14) *Amendments to IAS 16 and IAS 41 on Agriculture: Bearer Plants*

The amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include them in the scope of IAS 16 rather than IAS 41. The produce on bearer plants will remain in the scope of IAS 41. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. 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;
- (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 of subsidiaries are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve.

(3) Financial instruments

Financial instruments are contracts which become one enterprise's financial assets, at the same time become other enterprises' 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 instrument (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.

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.

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, quoted in active markets, 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.

(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, equity investment classified as 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*

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. 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.

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 significant 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 allowance shall be made. 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 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 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.

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 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 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 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 profit or loss, the previously recognised impairment loss is reversed through the 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.

(e) *Derivative financial instruments*

The Group uses derivatives, such as foreign currency contracts, interest rate swaps, contracts of stock index and contracts for difference 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 bonds*

The Group determines whether the convertible bonds comprise both of liability and equity components on issuance according to the terms and conditions. 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 re-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.

(b) Accounts receivable that assess allowance on a collective basis

The Group categories accounts receivable into different portfolios with ageing as similar credit risk characteristic and collectively assesses them for impairment. Allowance for accounts receivables and other receivables based on aging analysis and historical loss experience is recognised as follows:

- (i) If the age is less than or equal to 1 year, 0.5% of the balance is recognised as allowances;
- (ii) If the age is more than 1 year but less than or equal to 2 years, 10% of the balance is recognised as allowances;
- (iii) If the age is more than 2 years but less than or equal to 3 years, 20% of the balance is recognised as allowances;
- (iv) If the age is more than 3 years, 50% of the balance is recognised as allowances.

(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.

(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 post-acquisition results and reserves of joint ventures is included in the statement of profit or loss and 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.

(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, transportation 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 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%	—
Transportation 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 transportation 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; the estimated useful life of aircraft is 25 years with a monthly depreciation rate of 0.283%, and the estimated residual value is 15% of its original cost.

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 shall be measured reliably, and measured initially at cost. 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.

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.

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 PPE. 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:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (ii) its intention to complete the intangible asset and use or sell it.
- (iii) its ability to use or sell the intangible asset.
- (iv) 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.
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (vi) 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.

(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 when management services are provided in accordance with 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 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:

- (i) 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
- (ii) 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.

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:

- (i) 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
- (ii) 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 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.

(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 deferred tax assets 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 allowance. 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 a group of assets shall base on whether the main cash flow generated by the group of assets 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 allowances are made.

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;
 - (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:

- (i) the obligation is a present obligation of the Group;
- (ii) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation;
- (iii) 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.

A contingent liability is a possible obligation that rises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

(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% of after-tax profit for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% of after-tax profit 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.

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 Financial assets arising from financing business

Based on the clients' credit standing, collateral securities, guaranteed ratio, solvency ability and willingness and other factors, the Group determines whether there is any indication of impairment of financial assets arising from financing business.

- (a) Such financial assets with indications of impairment are subject to individual impairment assessment and special allowance for bad debts.
- (b) The remaining of such financial assets are subject to collective assessment.

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.

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 structured entities

The management makes significant judgment on whether to control and consolidate structured 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 structured entities, the Group considers the following four aspects:

- 1) the degree of participation when establishing the structured 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 structured 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 structured entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entities.

5. TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Company is currently subject are as follows:

(1) Income tax

From 1 January 2008, the “Enterprise Income Tax Law of the PRC” and the “Regulations on the Implementation of Enterprise Income Tax Law of the PRC” 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 Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations” (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 tax are governed by the “Implementation Rules for the Interim Regulations of the PRC on Business Tax” (Ministry of Finance Order [2011] No. 65), the “Announcement of the State Administration of Taxation Regarding the Business Tax Regulation of the transfer of Financial Items” (Guo Shui [2013] No.63), the “Notice of the Ministry of Finance and the State Administration of Taxation on the Business Tax Policies for Capital Markets” (Cai Shui [2004] No.203) and other relevant policies. Business tax of financial institutions is generally calculated and paid at the rate of 5% of relevant taxable revenue.

According to the “Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Business Tax Related to the Securities Investor Protection Fund” (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 levied at 7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

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 engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking – Securities placement and underwriting activities, and financial advisory services;

Brokerage – Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading – Equity, fixed income and derivatives trading and market-making, margin financing and securities lending and alternative investment activities;

Asset Management – Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management; and

Other – Private equity investment, principal investment and other financial activities.

Management monitors the results of the Group's operating segments separately for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group's consolidated financial statements.

Income taxes are managed as a whole and are not allocated to operating segments.

2015	Investment Banking	Brokerage	Trading	Asset Management	Others	Total
Segment revenue and other income	4,606,457	26,815,973	29,253,445	7,838,675	4,409,345	72,923,895
Fee and commission income	4,563,090	22,713,891	287,057	6,449,325	239,160	34,252,523
Interest income	286	4,022,561	11,184,513	168,028	246,159	15,621,547
Investment income	—	(21,082)	17,567,082	1,197,103	766,911	19,510,014
Other income	43,081	100,603	214,793	24,219	3,157,115	3,539,811
Operating expenses	1,879,576	13,125,286	20,853,575	3,918,011	6,505,834	46,282,282
Including: Finance costs	30	677,788	11,592,251	69,403	491,072	12,830,544
Impairment losses	2,963	1,255	1,703,721	61,760	711,532	2,481,231
Operating profit	2,726,881	13,690,687	8,399,870	3,920,664	(2,096,489)	26,641,613
Share of profits and losses of associates and joint ventures	—	—	—	—	645,531	645,531
Profit before income tax	2,726,881	13,690,687	8,399,870	3,920,664	(1,450,958)	27,287,144
Income tax expenses						6,926,800
Net profit for the period						20,360,344
Other segment information:						
Depreciation and amortisation	6,233	196,694	19,248	25,064	437,864	685,103
Capital expenditure	514,364	392,137	304,356	235,906	2,840,825	4,287,588

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
Net profit for the year						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

7. INTEREST INCOME

	2015	2014
Interest income on margin and other financing	10,293,652	5,687,944
Bank interest income	5,288,412	2,131,145
Others	39,483	31,719
Total	15,621,547	7,850,808

8. INVESTMENT INCOME

	2015	2014
Net gains from financial assets held for trading	14,537,117	16,221,761
Net gains from disposal of available-for-sale financial assets	5,448,837	1,899,256
Dividend and interest income from available-for-sale financial assets	1,283,832	1,699,262
Net gains/(losses) from financial instruments designated as at fair value through profit or loss	268,503	(692,758)
Net gains from financial liabilities held for trading	53,209	76,672
Net gains/(losses) from derivatives and others	(2,081,484)	(8,999,857)
Total	19,510,014	10,204,336

9. OTHER INCOME

	2015	2014
Gains on disposal of property, plant and equipment	2,226	2,179,457
Others (i)	3,537,585	375,356
Total	3,539,811	2,554,813

(i) For the year ended 31 December 2015, others mainly represented income from bulk commodity trading of RMB 3,007 million.

10. OPERATING EXPENSES

	2015	2014
Fee and commission expenses:		
– Commission expense	4,470,216	1,712,450
– Others	150,860	86,547
Total	<u>4,621,076</u>	<u>1,798,997</u>

	2015	2014
Finance costs:		
– Due to banks and other financial institutions	6,341,068	3,791,335
– Debt instruments issued and short-term financing instruments payable	4,483,119	2,228,703
– Customer brokerage deposits	668,168	202,032
– Others	1,338,189	678,722
Total	<u>12,830,544</u>	<u>6,900,792</u>

	2015	2014
Staff costs (including directors', supervisors' and senior executives' remuneration):		
– Salaries and bonuses	13,351,034	8,467,912
– Staff benefits	955,727	601,382
– Contributions to defined contribution schemes (i)	490,863	393,948
Total	<u>14,797,624</u>	<u>9,463,242</u>

(i) Retirement benefits are included, and their nature is described below:

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. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

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

	2015	2014
Other operating expenses and costs:		
– Leasing expenses	1,076,430	850,218
– Electronic device operating costs	572,380	516,662
– Fund distribution and administration expenses	475,225	374,422
– Consulting fees	417,454	449,822
– Amortisation of intangible assets	312,667	267,651
– Postal and communication expenses	307,035	273,360
– Business travel expenses	287,001	286,623
– Investor protection fund	248,002	96,123
– Business publicity expenses	244,280	223,701
– Business entertainment expenses	200,897	186,428
– Auditors' remuneration (i)	31,104	30,993
– Others (ii)	4,326,426	780,202
Total	<u>8,498,901</u>	<u>4,336,205</u>

(i) Which includes audit service fees of RMB22 million (2014: RMB15 million).

(ii) Others mainly include cost of bulk commodity trading, which amount was RMB 2,995 million for the year ended 2015.

11. DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the directors', supervisors' and senior executives' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

Name	Position	2015				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Wang Dongming	Former Chairman, Executive Director, Member of the Executive Committee (ceased to be a Chairman)	2,085	3,127	—	185	5,397
Cheng Boming	Former Executive Director, President, Member of the Executive Committee (ceased to be an Executive Director)	1,672	4,010	—	156	5,838
Yin Ke	Vice Chairman, Executive Director, Member of the Executive Committee	3,011	4,505	—	301	7,817
Liu Lefei	Former Executive Director, Vice Chairman (ceased to be an Executive Director)	—	—	—	—	—
Ju Weimin	Former Non-executive Director (ceased to be a Non-Executive Director)	—	—	36	—	36
Fang Jun	Non-executive Director	—	—	—	—	—
Wu Xiaohu	Former Independent Non-executive Director (ceased to be an Independent Non-executive Director)	—	—	153	—	153
Lee Kong Wai, Conway	Former Independent Non-executive Director (ceased to be an Independent Non-executive Director)	—	—	153	—	153
Rao Geping	Independent Non-executive Director	—	—	156	—	156
Ni Jun	Former Chairman of the Supervisory Committee (ceased to be a Chairman)	1,094	4,611	—	115	5,820
Guo Zhao	Supervisor	—	—	100	—	100
He Dexu	Former Supervisor (ceased to be a Supervisor)	—	—	50	—	50
Lei Yong	Supervisor	1,022	3,089	—	110	4,221
Yang Zhenyu	Supervisor	839	2,356	—	97	3,292
Xu Gang	Former member of the Executive Committee (ceased to be an Executive Director)	1,124	4,060	—	133	5,317
Ge Xiaobo	Former member of the Executive Committee (ceased to be an Executive Director)	1,333	4,066	—	133	5,532
Liu Wei	Former member of the Executive Committee (ceased to be an Executive Director)	1,035	6,326	—	128	7,489
Chen Jun	Former member of the Executive Committee (ceased to be an Executive Director)	1,235	4,060	—	128	5,423
Yan Jianlin	Former member of the Executive Committee (ceased to be an Executive Director)	1,871	5,002	—	112	6,985
Zhang Guoming	Executive of Compliance	997	2,292	—	105	3,394
Zheng Jing	Secretary of the Board of Directors	749	3,259	—	92	4,100
		<u>18,067</u>	<u>50,763</u>	<u>648</u>	<u>1,795</u>	<u>71,273</u>

During the year of 2015, the Group's Executive Director Mr. Liu Lefei and Non-executive Director Mr. Fang Jun waived their remuneration arrangements. During the year of 2015, no emoluments were paid by the Group to any of the persons who are directors, supervisors or senior executives as an inducement to join or upon joining the Group or as compensation for loss of office. There were no other retirement benefits for directors or supervisors or senior executives; meanwhile, there were no consideration provided to third parties for making available directors' services.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. In addition, the Group did not provide any the guarantees or securities to certain controlled body corporates and connected entities of the Directors or Supervisors in respect of their loan, quasi-loans or credit transactions.

* On 19 January 2016, based on the resolution passed in the first extraordinary general meeting of shareholders in 2016, the Company appointed Mr. Zhang Youjun, Mr. Yin Ke and Mr. Yang Minghui as the Executive Director, appointed Mr. Fang Jun and Mr. Liu Kesheng as the Non-executive Director, appointed Mr. Li Fang, Mr. Guo Zhao, Mr. Lei Yong and Mr. Yang Zhenyu as Supervisor. These directors and supervisors assumed their office after the meeting. The remuneration of these newly appointed directors and supervisors are not required to be disclosed in the year of 2015, except for those who have been listed in the table above.

Name	Position	2014				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Wang Dongming	Chairman, Executive Director, Member of the Executive Committee	1,748	3,452	—	119	5,319
Cheng Boming	Executive Director, President, Member of the Executive Committee	1,666	3,997	—	103	5,766
Yin Ke	Vice Chairman, Executive Director, Member of the Executive Committee	2,777	10,116	—	278	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	1,088	1,100	—	80	2,268
Guo Zhao	Supervisor	—	—	100	—	100
He Dexu	Supervisor	—	—	100	—	100
Lei Yong	Supervisor	1,000	1,800	—	77	2,877
Yang Zhenyu	Supervisor	787	615	—	69	1,471
Xu Gang	Member of the Executive Committee	1,119	3,815	—	90	5,024
Ge Xiaobo	Member of the Executive Committee	1,327	3,815	—	90	5,232
Liu Wei	Member of the Executive Committee	1,327	3,997	—	86	5,410
Chen Jun	Member of the Executive Committee	1,334	3,815	—	86	5,235
Yan Jianlin	Member of the Executive Committee	1,832	3,124	—	72	5,028
Zhang Guoming	Executive of Compliance	833	501	—	71	1,405
Zheng Jing	Secretary of the Board of Directors	743	809	—	67	1,619
		<u>17,581</u>	<u>40,956</u>	<u>887</u>	<u>1,288</u>	<u>60,712</u>

During the year of 2014, the Group's Executive Director Mr. Liu Lefei and Non-executive Director Mr. Fang Jun waived their remuneration arrangements. During the year of 2014, no emoluments were paid by the Group to any of the persons who are directors, supervisors or senior executives 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 not included directors (2014: one). Details of the remuneration of the five (2014: four) non-director and non-supervisor highest paid employees for the year are as follows:

	2015	2014
Salaries and allowances	13,930	12,971
Discretionary bonuses	59,241	30,533
Termination compensation	—	—
Total	<u>73,171</u>	<u>43,504</u>

The number of these individuals whose remuneration fell within the following bands is set out below:

	Number of employees	
	2015	2014
RMB9,500,001 to RMB10,500,000	—	1
RMB10,500,001 to RMB11,500,000	—	2
RMB11,500,001 to RMB12,500,000	—	1
RMB12,500,001 to RMB13,500,000	—	—
RMB13,500,001 to RMB14,500,000	2	—
RMB14,500,001 to RMB15,500,000	2	—
RMB15,500,001 to RMB16,500,000	1	—
Total	<u>5</u>	<u>4</u>

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

		2015	2014
Available-for-sale financial assets	(i)	1,624,890	566,031
Goodwill		382,610	—
Margin accounts		221,939	—
Reverse repurchase agreements		90,388	—
Others		161,404	33,944
Total		<u>2,481,231</u>	<u>599,975</u>

(i) Mainly due to the market value of stock investments has significantly declined at the second half year of 2015.

14. INCOME TAX EXPENSE

(a) Income tax

	2015	2014
Current income tax expense	7,983,850	3,728,589
Mainland China	7,694,673	3,556,265
Outside Mainland China	289,177	172,324
Deferred income tax expense	(1,057,050)	(168,141)
Total	<u>6,926,800</u>	<u>3,560,448</u>

(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:

	2015	2014
Profit before income tax	<u>27,287,144</u>	<u>15,421,947</u>
Tax at the PRC statutory income tax rate	6,821,786	3,855,487
Effects of different applicable rates of tax prevailing in various regions	133,247	(58,215)
Non-deductible expenses	374,357	134,117
Non-taxable income	(550,369)	(479,331)
Adjustments in respect of current and deferred income tax of prior years	(56,697)	31,804
Others	204,476	76,586
Tax expense at the Group's effective income tax rate	<u>6,926,800</u>	<u>3,560,448</u>

15. PROFIT ATTRIBUTABLE TO THE COMPANY

The consolidated profit attributable to the Company for the year ended 31 December 2015 includes a profit of approximately RMB 15,098 million (2014: RMB 6,606 million), which has been dealt with in the financial statements of the Company (note 56).

16. DIVIDENDS

	2015	2014
Dividends on ordinary shares proposed for approval	<u>6,058,454</u>	<u>3,415,242</u>
Dividends on ordinary shares paid	<u>3,415,242</u>	<u>1,652,537</u>

Dividends on ordinary shares proposed for approval were RMB0.50 yuan per share for the year ended 31 December 2015 (2014: RMB0.31 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 OWNERS OF THE PARENT

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

	2015	2014
Earnings:		
Profit attributable to owners of the parent	<u>19,799,793</u>	<u>11,337,194</u>
Shares:		
Weighted average number of ordinary shares in issue (thousand)	<u>11,592,525</u>	<u>11,016,908</u>
Basic and diluted earnings per share (in RMB yuan)	<u>1.71</u>	<u>1.03</u>

Earnings per share was calculated based on the calculation method specified in CSRC Announcement (2010) No. 2 “Rules on the Preparation and Submission of Information Disclosed by Companies Offering Securities to the Public”, CSRC Announcement (2010 Revision) No. 9 “Calculation and Disclosure of Return on Equity and Earnings per Share”, and IAS 33 “Earnings per Share”.

Basic earnings per share was calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding.

There were no dilutive events during the year ended 31 December 2015 (2014: None).

18. PROPERTY, PLANT AND EQUIPMENT

	Properties and Buildings	Communication Equipment	Office Equipment	Transportation Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
31 December 2015										
Cost										
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
Increases	103,641	3,600	33,193	2,214,224	203	294,379	8,985	2,658,225	500,922	3,159,147
Decreases	(9,497)	(5,870)	(11,386)	(20,726)	(840)	(182,616)	(8,751)	(239,686)	(204,308)	(443,994)
Effect of exchange rate change	2,114	2,315	(22)	76	—	45,335	1,476	51,294	—	51,294
31 December 2015	<u>718,858</u>	<u>67,476</u>	<u>241,558</u>	<u>2,381,301</u>	<u>4,860</u>	<u>2,150,755</u>	<u>82,299</u>	<u>5,647,107</u>	<u>536,440</u>	<u>6,183,547</u>
Accumulated depreciation										
31 December 2014	232,785	30,857	190,781	52,248	4,663	1,615,559	67,883	2,194,776	—	2,194,776
Increases	24,476	11,239	20,863	28,261	331	212,647	12,176	309,993	—	309,993
Decreases	(1,044)	(3,530)	(10,494)	(18,864)	(753)	(175,797)	(8,469)	(218,951)	—	(218,951)
Effect of exchange rate change	1,791	1,510	(212)	63	—	37,497	959	41,608	—	41,608
31 December 2015	<u>258,008</u>	<u>40,076</u>	<u>200,938</u>	<u>61,708</u>	<u>4,241</u>	<u>1,689,906</u>	<u>72,549</u>	<u>2,327,426</u>	<u>—</u>	<u>2,327,426</u>
Allowances for impairment										
31 December 2014	—	—	—	—	—	—	—	—	—	—
Increases	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—	—	—	—	—
31 December 2015	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount										
31 December 2015	<u>460,850</u>	<u>27,400</u>	<u>40,620</u>	<u>2,319,593</u>	<u>619</u>	<u>460,849</u>	<u>9,750</u>	<u>3,319,681</u>	<u>536,440</u>	<u>3,856,121</u>
31 December 2014	<u>389,815</u>	<u>36,574</u>	<u>28,992</u>	<u>135,479</u>	<u>834</u>	<u>378,098</u>	<u>12,706</u>	<u>982,498</u>	<u>239,826</u>	<u>1,222,324</u>

	Properties and Buildings	Communication Equipment	Office Equipment	Transportation Vehicles	Security Equipment	Electronic Devices	Others	Subtotal	Construction in progress	Total
31 December 2014										
Cost										
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
Increases	2,919	3,551	14,466	127,502	232	200,201	10,100	358,971	148,060	507,031
Decreases	(1,864,460)	(1,363)	(5,559)	(9,268)	(130)	(77,030)	(4,380)	(1,962,190)	(811,940)	(2,774,130)
Effect of exchange rate change	(1,864)	(532)	(423)	(55)	—	491	142	(2,241)	—	(2,241)
31 December 2014	<u>622,600</u>	<u>67,431</u>	<u>219,773</u>	<u>187,727</u>	<u>5,497</u>	<u>1,993,657</u>	<u>80,589</u>	<u>3,177,274</u>	<u>239,826</u>	<u>3,417,100</u>
Accumulated depreciation										
31 December 2013	325,649	20,153	156,297	52,896	4,207	1,425,352	64,482	2,049,036	—	2,049,036
Increases	30,444	11,337	40,276	7,252	562	264,976	7,604	362,451	—	362,451
Decreases	(121,900)	(307)	(5,447)	(7,853)	(106)	(75,341)	(4,314)	(215,268)	—	(215,268)
Effect of exchange rate change	(1,408)	(326)	(345)	(47)	—	572	111	(1,443)	—	(1,443)
31 December 2014	<u>232,785</u>	<u>30,857</u>	<u>190,781</u>	<u>52,248</u>	<u>4,663</u>	<u>1,615,559</u>	<u>67,883</u>	<u>2,194,776</u>	<u>—</u>	<u>2,194,776</u>
Allowances for impairment										
31 December 2013	—	—	—	—	—	—	—	—	—	—
Increases	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—	—	—	—	—
31 December 2014	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount										
31 December 2014	<u>389,815</u>	<u>36,574</u>	<u>28,992</u>	<u>135,479</u>	<u>834</u>	<u>378,098</u>	<u>12,706</u>	<u>982,498</u>	<u>239,826</u>	<u>1,222,324</u>
31 December 2013	<u>2,160,356</u>	<u>45,622</u>	<u>54,992</u>	<u>16,652</u>	<u>1,188</u>	<u>444,643</u>	<u>10,245</u>	<u>2,733,698</u>	<u>903,706</u>	<u>3,637,404</u>

19. GOODWILL

	31 December	
	2015	2014
Carrying amount at the beginning of the year:		
Cost	10,075,152	10,047,495
Accumulated impairment	—	—
Net carrying amount	10,075,152	10,047,495
Movement during the year:		
Change in shareholders' equity in subsidiaries and effect of exchange rate changes	547,268	27,657
Impairment	357,143	—
Carrying amount at the end of the year:		
Cost	10,622,420	10,075,152
Accumulated impairment	357,143	—
Net carrying amount	10,265,277	10,075,152

	31 December	
	2015	2014
China Asset Management Co., Ltd.	7,418,587	7,418,587
CITIC Securities International Company Limited	2,085,994	2,330,564
CITIC Securities Overseas Investment Company Limited	434,695	—
CITIC Futures Co., Ltd.	193,826	193,826
CITIC Securities (Shandong) Co., Ltd.	88,675	88,675
CITIC Securities Company Limited	43,500	—
CITIC Securities (Zhejiang) Co., Ltd.	—	43,500
Total	10,265,277	10,075,152

As of 31 December 2015, managements performed impairment assessment over goodwill by using future cash flow method. Based on the approved 5-year budget, projections made for the cash flows over 5-year period and weighted average cost according to the experiences and market trend analysis of the recoverable amount was lower than the carrying amount, the related impairment was recognised.

20. LAND-USE RIGHTS AND OTHER INTANGIBLE ASSETS

	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-use Rights	Total
31 December 2015						
Cost						
31 December 2014	124,274	934,124	1,160,812	260,005	55,081	2,534,296
Increases	600	139,098	—	—	2,197,212	2,336,910
Decreases	(1,000)	(1,023)	—	—	(1,250)	(3,273)
Effect of exchange rate change	83	31,290	63,507	15,971	—	110,851
31 December 2015	123,957	1,103,489	1,224,319	275,976	2,251,043	4,978,784
Accumulated amortisation						
31 December 2014	94,788	403,667	143,176	—	5,390	647,021
Increases	2,136	178,818	122,432	—	25,120	328,506
Decreases	—	(695)	—	—	—	(695)
Effect of exchange rate change	572	5,677	12,290	—	—	18,539
31 December 2015	97,496	587,467	277,898	—	30,510	993,371
Allowances for impairment						
31 December 2014	—	—	—	—	—	—
Increases	—	—	—	—	—	—
Decreases	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	—
31 December 2015	—	—	—	—	—	—
Net carrying amount						
31 December 2015	26,461	516,022	946,421	275,976	2,220,533	3,985,413
31 December 2014	29,486	530,457	1,017,636	260,005	49,691	1,887,275

The Company and its wholly owned subsidiary GoldStone ZeXin Investment Management Co., Ltd. (hereinafter referred to as “GoldStone Zexin”) jointly bid for a piece of land-use right in Shenzhen in January 2014. GoldStone ZeXin is engaged in, among other business activities, real estate development. The Company and GoldStone Zexin obtained the land-use right certificate in August, 2015. GoldStone Zexin obtained a bank loan, which is secured over the land-use right held by the company and GoldStone Zexin and guaranteed by GoldStone Investment Co., Ltd., the holding company of GoldStone ZeXin.

The portion of the land use right attributable to GoldStone ZeXin for real estate development is classified under Other Non-Current Assets (Note 27)

	Seats on Stock Exchanges	Software Development	Customer Relationships	Trademarks	Land-use Rights	Total
31 December 2014						
Cost						
31 December 2013	122,872	876,299	1,030,535	259,158	11,386	2,300,250
Increases	3,200	75,929	126,909	—	43,695	249,733
Decreases	(1,800)	(19,750)	—	—	—	(21,550)
Effect of exchange rate change	2	1,646	3,368	847	—	5,863
31 December 2014	124,274	934,124	1,160,812	260,005	55,081	2,534,296
Accumulated amortisation						
31 December 2013	91,686	244,711	42,939	—	3,479	382,815
Increases	4,396	174,679	101,050	—	1,911	282,036
Decreases	(1,315)	(16,820)	—	—	—	(18,135)
Effect of exchange rate change	21	1,097	(813)	—	—	305
31 December 2014	94,788	403,667	143,176	—	5,390	647,021
Allowances for impairment						
31 December 2013	1,544	—	—	—	—	1,544
Increases	—	—	—	—	—	—
Decreases	(1,544)	—	—	—	—	(1,544)
Effect of exchange rate change	—	—	—	—	—	—
31 December 2014	—	—	—	—	—	—
Net carrying amount						
31 December 2014	29,486	530,457	1,017,636	260,005	49,691	1,887,275
31 December 2013	29,642	631,588	987,596	259,158	7,907	1,915,891

21. INVESTMENTS IN SUBSIDIARIES

Company

	31 December	
	2015	2014
Unlisted shares, at cost	24,238,594	24,182,700

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 services	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 services	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 services	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 services	RMB756.1 million	—	27.00% (i)
Qingdao GoldStone Runhui Investment Management Company Limited (青島金石潤匯投資管理有限公司)	Mainland China	RMB10.1 million	Investment management, advisory services, investment with self-owned capital	RMB10.1 million	—	100%
Qingdao GoldStone Haorui Investment Company Limited (青島金石灝洵投資有限公司)	Mainland China	RMB805 million	Investment management, advisory services, investment with self-owned capital	RMB2,000 million	—	100%
Jinjin Investment (Tianjin) Co., Ltd. (金津投資(天津)有限公司)	Mainland China	RMB100 million	Investment	RMB300 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	Investment management, investment advisory, investment consultancy, fiduciary management, equity investment, fund, real estate	RMB1,000 million	—	100%

(i) In accordance with investment contract, the Company considers it has control over this entity.

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 Blue Ocean Investment Management Co., Ltd. (青島金石藍海 投資管理有限公司)	Mainland China	RMB5 million	Investment	RMB0.3 million	—	100%
Qingdao GoldStone Xincheng Investment Management Co., Ltd. (青島金石信城 投資管理有限公司)	Mainland China	RMB5 million	Investment	RMB1 million	—	100%
Goldenston Boxin Investment Management Co., Ltd. (金石博信投資管理 有限公司)	Mainland China	RMB500 million	Investment	—	—	100%
Jinfeng (Shenzhen) Investment Co., Ltd. (金豐(深圳)投資 有限公司)	Mainland China	RMB15 million	Investment management	RMB7.5 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	70%	30%
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	Trade and trade agents, storage and their own equipment leasing	RMB200 million	—	100%
Hongming (Shanghai) Investment Management Co., Ltd. (宏明(上海)投資 管理有限公司)	Mainland China	RMB13 million	Investment management, investment consulting	RMB13 million	—	100%
CITIC Securities (Qingdao) Training Centre Hotel Management Co., Ltd. (中信証券(青島) 培訓中心酒店管理 有限公司)	Mainland China	RMB1 million	Catering, accommodation, convention, exhibition	RMB1 million	—	100%
Zhongzheng Asset Management (Shenzhen) Company Limited (中證資本管理 (深圳)有限公司)	Mainland China	RMB200 million	Investment and asset management	RMB200 million	—	93.47%
CITIC Yingshi Asset Management Co., Ltd. (中信盈時資產管理 有限公司)	Mainland China	RMB200 million	Asset Management	RMB15 million	—	93.47%
Zhongzheng Futures International (Hong Kong) Co., Ltd. (中證期貨國際(香港) 有限公司)	Hong Kong	RMB300 million	Futures brokerage	RMB81.60 million	—	93.47%

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 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 (中信証券信息與量化服務(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 brokerage	—	100%	—
CITIC Zhongzheng Investment Service Co., Ltd. (中信中證投資服務有限責任公司)	Mainland China	RMB100 million	Not in operation	RMB100 million	100%	—
CITIC Securities Oversea Investment Company (中信証券海外投資公司)	Hong Kong	HK\$0.01 million	Holding, investment	HK\$0.01 million	100%	—
CITIC Securities International Company Limited (中信証券國際有限公司)	Hong Kong	Not applicable	Holding, investment	HK\$6,516.05 million	100%	—
CITIC Securities Brokerage (HK) Limited (中信証券經紀(香港)有限公司)	Hong Kong	Not applicable	Securities brokerage	HK\$650 million	—	100%
CITIC Securities Futures (HK) Limited (中信証券期貨(香港)有限公司)	Hong Kong	Not applicable	Futures brokerage	HK\$50 million	—	100%
CITIC Securities Corporate Finance (HK) Limited (中信証券融資(香港)有限公司)	Hong Kong	Not applicable	Investment banking	HK\$380 million	—	100%
CITIC Securities International Asset Management Limited (中信証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	Approximately US\$16 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\$38 million	—	100%
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%

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 Nominee Services Limited	Hong Kong	Not applicable	Not in operation	HK\$1	—	100%
GMMC Limited	Hong Kong	Not applicable	Not in operation	HK\$1	—	100%
CSI Finance Limited	Hong Kong	Not applicable	Financing	HK\$0.01 million	—	100%
CSIAMC Company Limited (HK)	Hong Kong	Not applicable	Investment service	HK\$1	—	100%
CSI Capital L.P.	Cayman Islands	Not applicable	Private equity	Approximately US\$44.71 million	—	64.20%
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\$ 177.02 million	83.05%	16.95%
CITICS GLOBAL MULTI-STRATEGY FUND	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	US\$295.72 million	100%	—
CITIC Securities Finance MTN Co., Ltd.	BVI	Not applicable	Bond issuance	US\$1	—	100%
CSI Partners Limited	BVI	Not applicable	Private fund management	US\$1	—	100%

(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	RMB125.32 million	—	92.07%
CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)	Mainland China	RMB2,500 million	Securities business	RMB1,151.94 million	100%	—
CITIC Futures Co., Ltd. (中信期貨有限公司)	Mainland China	RMB1.6 billion	Futures brokerage, asset management, fund distribution	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	RMB18.59 million	—	100%
China Asset Management Co., Ltd. (華夏基金管理有限公司)	Mainland China	RMB238 million	Fund investment	RMB2,075.15 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	—	62.20%
China AMC Capital Management Limited (華夏資本管理有限公司)	Mainland China	RMB50 million	Asset management, financial advisory	RMB25.50 million	—	62.20%
CLSA B.V. (里昂證券)	Netherlands	Not applicable	Investment, holding	US\$1,090.30 million	—	100%
KVB Kunlun Financial Group Limited (昆侖國際金融集團有限公司)	Cayman Island	Not applicable	Leveraged foreign exchange transactions and other transactions, cash transactions, other services	HK\$780.2 million	—	59.04%

(c) **Business Combination**

KVB Kunlun Financial Group Limited

The Company established its wholly owned subsidiary CITIC Securities Overseas Investment Company Limited (“CSOI”) on 17 April 2015, Hong Kong. CSOI acquired 1.2 billion shares of KVB Kunlun Financial Group Limited (“KVB”) from KVB Kunlun Holdings Limited, which represents 59.37% of KVB’s equity interest.

The acquisition date is 29 May 2015, and the consideration is HKD 780 million, equivalent to RMB 615.63 million. As of 29 May 2015, the identifiable fair value of net assets of KVB amounted to RMB 304.76 million. Fair value of 59.37% share amounted to RMB 180.94 million. The difference between the acquisition price and the Group’s 59.37% share in the fair value of net identifiable assets amounted to RMB 434.70 million is accounted for as goodwill.

The fair value and book value of KVB’s identifiable assets and liabilities as of the acquisition date are as follows:

	Fair value recognised on acquisition 29 May 2015
Non-Current assets	
Property, plant and equipment	5,984
Other intangible assets	3,620
Deferred tax assets	690
	10,294
Current assets	
Other current assets	126,404
Cash and bank balances	508,550
	634,954
Current liabilities	
Customer brokerage deposits	288,689
Other non-current liabilities	51,701
	340,390
Non-Current liabilities	
Deferred tax liability	98
Total identifiable net assets at fair value	304,760
Net assets of 59.37% equity interest acquired	180,936
Goodwill	434,695
Acquisition price	615,631

The revenue and profit of KVB since the acquisition date to the 31 December 2015 included in the consolidated statement of profit or loss amounted to RMB252 million and RMB55 million, respectively.

(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 invested in most of the subordinated tranches 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 Xinyingfenji Special Asset Management Plan, CITICS Jijicelue No.3 Asset Management Plan, CITICS Jijicelue No.6 Asset Management Plan, CITICS Guibin No.3 Asset Management Plan, CITICS Hongliang Asset Management Plan, CITICS Penghua Xinyicaifu I Asset Management Plan, CITICS Penghua Xinyicaifu II Asset Management Plan, CITICS Penghua Xinyicaifu III Asset Management Plan, CITIC Futures-Mingsheng Bank CITICS Quantitative Multi-Strategy Asset Management Plan.

The fair value and book value of identifiable assets and liabilities of the structured entities as at 12 December 2015 listed above are as follows:

	Fair value as at 31 December 2015	Book value as at 31 December 2015
Current assets	2,728,301	2,728,301
Non-current assets	114,090	114,090
Current liabilities	8,391	8,391
Non-current liabilities	—	—

The operation result and cash flow of the structured entities listed above for the year 2015 are as follows:

	2015
Revenue	221,336
Profit	186,445
Net increase in cash and cash equivalents	(168,376)

(e) *Net cash flows from acquisition of subsidiaries*

	2015	2014
Total consideration	(746,778)	(8,037)
Cash and cash equivalents paid	(746,778)	(8,037)
Cash and cash equivalents in the subsidiaries acquired	470,991	69,933
Net cash (outflow)/inflow from acquisition of subsidiaries	(275,787)	61,896

(f) *Details of the Group's subsidiary with material non-controlling interests is set out below:*

China AMC

	31 December	
	2015	2014
Percentage of equity interest held by non-controlling interests	37.80%	37.80%
Dividends paid to non-controlling interests	108,922	94,729
Accumulated balances of non-controlling interests	2,117,668	1,659,652
Profit for the year allocated to non-controlling interests	545,848	459,165

The following tables illustrate the summarised financial information of the above subsidiary:

China AMC

	2015	2014
Revenue	4,212,490	3,590,005
Profit for the year from continuing operations	1,413,759	1,200,759
Total comprehensive income for the year	1,609,437	1,146,947
Net cash flows from operating activities	1,439,268	(29,330)
Net cash flows from investing activities	(1,569,999)	446,895
Net cash flows used in financing activities	(274,943)	(250,607)
Net (decrease)/increase in cash and cash equivalents	(397,800)	165,730

	31 December	
	2015	2014
Current assets	6,908,483	5,177,048
Non-current assets	615,169	404,743
Current liabilities	1,537,905	1,011,862
Non-current liabilities	383,452	240,779

(g) As at 31 December 2015, there were no significant restrictions on the ability to access or use the assets and settle the liabilities of the subsidiaries of the Group (2014: Nil).

22. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December	
	2015	2014
Associates	4,480,218	3,954,167
Joint ventures	3,946	7,829
	4,484,164	3,961,996

(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
Associates:					
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%
Qianhai Equity Exchange (Shenzhen) Company Limited (前海股權交易中心(深圳)有限公司)	Mainland China	RMB1,177.4 million	Equity trading	12.74%	12.74%
Qingdao Blue Ocean Equity Exchange (青島藍海股權交易中心)	Mainland China	RMB50 million	Equity trading	40%	40%
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	51.25%	46.75% (i)
Beijing Agricultural Investment Fund (Limited Partnership) (北京農業產業投資基金(有限合夥))	Mainland China	Not applicable	Investment	32.26%	32.26%
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	Not applicable	Fund management	33%	33%
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	Investment management	35%	35%
Xinrong Customer Services Club Co., Ltd. (深圳市信融客戶服務俱樂部有限公司)	Mainland China	RMB10 million	Financial Services	25%	25%
Qianhai Infrastructure Investments Fund Management Co., Ltd. (深圳前海基礎設施投資基金管理有限公司)	Mainland China	RMB100 million	Fund management	35%	35%

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Associates:					
Taifu GoldStone (Tianjin) Fund Management Co., Ltd. (泰富金石(天津)基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
Suning GoldStone (Tianjin) Fund Management Co., Ltd. (蘇寧金石(天津)基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
CITICPE Holdings Limited (iv)	BVI	Not applicable	Investment holding	35%	35%
World Deluxe Enterprise Limited	BVI	Not applicable	Investment holding	40%	40%
Aria Investment Partners III, L.P.	Cayman Islands	Not applicable	Direct investment fund	12.58%	(ii)
Aria Investment Partners IV, L.P.	Cayman Islands	Not applicable	Direct investment fund	39.27%	Not applicable
Clean Resources Asia Growth Fund L.P.	Cayman Islands	Not applicable	Direct investment fund	17.59%	(ii)
Fudo Capital L.P.	Cayman Islands	Not applicable	Direct investment fund	0.24%	(ii)
Fudo Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	5.86%	(ii)
Fudo Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	5%	(ii)
Sunrise Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	26.20%	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	49%	Not applicable
Joint ventures:					
CITIC Standard and Poor's Information Service (Beijing) Co., Ltd. (中信標普指數信息服務(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 management (exclusive of prohibitive projects), investment consulting (exclusive of prohibitive projects), fiduciary asset management, enterprises management advisor	50%	50%
Double Nitrogen Fund GP Limited	Cayman Islands	USD100	Investment management	48%	(iii)

- (i) The Group holds non-voting equity interests, therefore the entity is considered as an associates.
- (ii) The Group holds non-voting fund shares, also acts as the fund manager of these funds. Therefore the Group has a significant influence over the fund.
- (iii) The Group has joint control over this entity with other parties through contractual arrangement.
- (iv) Which was named as CITIC PE (Hong Kong) Limited as at 31 December 2014.

(b) The following table illustrates the summarised financial information of the Group's material associates

- (i) 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	
	2015	2014
Current assets	5,972,769	3,253,767
Non-current assets	204,204	1,772,762
Current liabilities	736,637	610,378
Non-current liabilities	1,025,012	349,937
Revenue	2,262,659	2,209,263
Profit or loss from continuing operations	1,273,778	1,335,929
Total comprehensive income	1,273,778	1,335,929

- (ii) 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	
	2015	2014
Current assets	760,928	342,258
Non-current assets	1,423,577	1,300,904
Current liabilities	1,276,022	547,878
Non-current liabilities	222,153	242,305
Revenue	513,161	616,638
Profit or loss from continuing operations	5,141	160,590
Total comprehensive income	5,141	160,590

(c) The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material.

	31 December	
	2015	2014
Profit from continuing operations	1,166,359	705,688
Other comprehensive income	2,251	2,771
Total comprehensive income	1,168,610	708,459

- (d) As at 31 December 2015, there was no commitment to the joint ventures (31 December 2014: Nil).
- (e) There were no 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 any liabilities owed to the Group (2014: Nil).

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	31 December	
	2015	2014
At fair value:		
Equity investments	402,288	357,848
At cost:		
Equity investments	12,367,452	10,613,631
	12,769,740	10,971,479
Less: impairment losses	614,801	413,881
Total	12,154,939	10,557,598
Analysed into:		
Listed	402,288	357,848
Unlisted	11,752,651	10,199,750
	12,154,939	10,557,598

Current

	31 December	
	2015	2014
At fair value:		
Debt securities	33,192,595	10,847,436
Equity investments	14,004,989	11,915,670
Others (i)	34,521,099	16,142,125
	81,718,683	38,905,231
Less: impairment losses	1,738,537	626,820
Total	79,980,146	38,278,411
Analysed into:		
Listed	44,654,277	20,062,011
Unlisted	35,325,869	18,216,400
	79,980,146	38,278,411

- (i) As at 31 December 2015, others mainly included the investment portfolio, operating by China Securities Finance Corporation Limited (“CSF”), which was jointly invested by the Company and other securities companies. Under the investment agreement, the Company and other joint investors share the income/loss based on contribution proportion. On 6 July 2015 and 1 September 2015, the Company made aggregate investment with a total amount of RMB 21.1 billion.

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

	31 December	
	2015	2014
Non-current		
Equity investments	147,533	122,635
Others	205,991	183,533
	<u>353,524</u>	<u>306,168</u>
Analysed into:		
Unlisted	<u>353,524</u>	<u>306,168</u>
Current		
Equity investments	9,352,528	8,378,051
Others	647,550	3,749,508
	<u>10,000,078</u>	<u>12,127,559</u>
Analysed into:		
Listed	7,183,636	8,359,578
Unlisted	2,816,442	3,767,981
	<u>10,000,078</u>	<u>12,127,559</u>

25. REFUNDABLE DEPOSITS

	31 December	
	2015	2014
Margin trading deposits	3,027,976	852,987
Credit deposits	368,615	2,497,855
Performance bonds	66,804	2,254
	<u>3,463,395</u>	<u>3,353,096</u>

26. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets:	Depreciation allowance	Change in fair value of financial assets measured at fair value through profit or loss	Allowance for impairment losses on available-for-sale financial assets	Change in fair value of derivatives	Salaries, bonuses, and allowances payable	Others	Total
31 December 2014	35,842	—	150,928	1,368,203	993,845	47,467	2,596,285
Credited/(debited) to the statement of profit or loss	(13,417)	908	363,773	(850,187)	1,001,361	36,956	539,394
Credited/(debited) to other comprehensive income	1,410	—	—	—	(41,936)	45,434	4,908
Others	—	—	—	—	271	430	701
	<u>23,835</u>	<u>908</u>	<u>514,701</u>	<u>518,016</u>	<u>1,953,541</u>	<u>130,287</u>	<u>3,141,288</u>

Deferred income tax assets:	Depreciation allowance	Change in fair value of financial assets measured at fair value through profit or loss	Change in fair value of available-for-sale financial assets	Allowance for impairment losses on available-for-sale financial assets	Change in fair value of derivatives	Salaries, bonuses, and allowances payable	Others	Total
31 December 2013	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)
31 December 2014	<u>35,842</u>	<u>—</u>	<u>—</u>	<u>150,928</u>	<u>1,368,203</u>	<u>993,845</u>	<u>47,467</u>	<u>2,596,285</u>

Deferred income tax liabilities:	Amortisation allowance	Change in fair value of financial assets measured at fair value through profit or loss	Change in fair value of available-for-sale financial assets	Change in fair value of financial liabilities measured at fair value through profit or loss	Others	Total
31 December 2014	555,138	1,450,136	573,508	5,977	25,695	2,610,454
Debited/(credited) to the statement of profit or loss	(72,689)	(522,491)	9,959	28,370	19,643	(537,208)
Debited/(credited) to other comprehensive income	30,336	—	437,355	—	1,010	468,701
Others	—	—	—	—	519	519
31 December 2015	<u>512,785</u>	<u>927,645</u>	<u>1,020,822</u>	<u>34,347</u>	<u>46,867</u>	<u>2,542,466</u>

Deferred income tax liabilities:	Amortisation allowance	Change in fair value of financial assets measured at fair value through profit or loss	Change in fair value of available-for-sale financial assets	Change in fair value of financial liabilities measured at fair value through profit or loss	Others	Total
31 December 2013	628,263	218	217,822	1,697	24,286	872,286
Debited/(credited) to the statement of profit or loss	(75,507)	1,450,260	—	4,280	1,286	1,380,319
Debited/(credited) to other comprehensive income	2,382	(342)	355,686	—	123	357,849
31 December 2014	<u>555,138</u>	<u>1,450,136</u>	<u>573,508</u>	<u>5,977</u>	<u>25,695</u>	<u>2,610,454</u>

27. OTHER NON-CURRENT ASSETS

	31 December	
	2015	2014
Project investment (Note 20)	1,568,335	—
Prepaid equity investment	1,076,204	—
Others	989,800	197,503
Total	3,634,339	197,503

28. MARGIN ACCOUNTS

	31 December	
	2015	2014
Margin accounts	75,745,319	74,135,256
Less: impairment loss	221,916	—
Total	75,523,403	74,135,256

Margin accounts are funds that the Group lends to the customers for margin financing and securities lending business. As at 31 December 2015, RMB 222 million impairment loss was recognised (31 December 2014: Nil).

29. FINANCIAL ASSETS HELD FOR TRADING

	31 December	
	2015	2014
Debt securities	66,766,316	64,050,942
Equity investments (i)	56,461,175	46,269,983
Others	3,211,305	3,430,636
Total	126,438,796	113,751,561
Analysed into:		
Listed	103,045,025	103,623,461
Unlisted	23,393,771	10,128,100
Total	126,438,796	113,751,561

(i) Includes RMB 28 million of securities lent out under securities lending arrangements as at 31 December 2015 (31 December 2014: RMB 95 million).

30. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	472,655	677,513	259,065	219,616
Currency derivatives	415,342	116,180	82,874	163,557
Equity derivatives	10,530,910	3,943,703	6,664,763	4,717,018
Credit derivatives	—	358	165,676	209,927
Others	175,706	27,530	109,248	28,967
Total	11,594,613	4,765,284	7,281,626	5,339,085

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 2015. Accordingly, the amount of mark-to-market gain or loss of unexpired stock index futures contracts included in derivative financial instruments above was nil.

31. REVERSE REPURCHASE AGREEMENTS

	31 December	
	2015	2014
Analysed by collateral:		
Securities	30,129,245	33,114,142
Debts	6,731,852	9,367,198
Others	15	381,555
Less: impairment loss	90,388	—
Total	<u>36,770,724</u>	<u>42,862,895</u>
Analysed by counterparty:		
Banks	5,476,491	2,878,703
Non-bank financial institutions	487,031	4,109,297
Others	30,897,590	35,874,895
Less: impairment loss	90,388	—
Total	<u>36,770,724</u>	<u>42,862,895</u>

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to re-pledge 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 2015, the Group received securities as collateral with a fair value of approximately RMB810.44 million on these terms (31 December 2014: RMB 6,288.93 million). No securities as shown above were re-pledged (31 December 2014: RMB 2,542.29 million).

32. OTHER CURRENT ASSETS

	31 December	
	2015	2014
Accounts due from clients	6,302,988	7,966,725
Interest receivable	3,663,622	3,152,563
Accounts due from brokers	2,891,244	1,692,822
Settlement deposits receivable	2,428,775	2,291,044
Deferred expenses	312,632	248,843
Dividends receivable	21,767	2,852
Others	1,299,111	6,028,704
Less: Impairment loss	148,580	38,724
Total	<u>16,771,559</u>	<u>21,344,829</u>

33. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 35). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by authorised institutions.

34. CASH AND BANK BALANCES

	31 December	
	2015	2014
Cash on hand	348	283
Deposits in banks	<u>68,906,544</u>	<u>37,966,906</u>
Total	<u><u>68,906,892</u></u>	<u><u>37,967,189</u></u>

As at 31 December 2015, the Group had restricted funds of RMB 3,236.14 million (31 December 2014: RMB 2,398.68 million).

35. CUSTOMER BROKERAGE DEPOSITS

	31 December	
	2015	2014
Customer brokerage deposits	<u><u>150,456,676</u></u>	<u><u>101,845,838</u></u>

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 33 "cash held on behalf of customers".

36. FINANCIAL LIABILITIES HELD FOR TRADING

	31 December	
	2015	2014
Current		
Debt securities	879,246	687,253
Equity	1,239,769	772,938
Others	<u>1,337,160</u>	<u>1,148,123</u>
Total	<u><u>3,456,175</u></u>	<u><u>2,608,314</u></u>

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

	31 December	
	2015	2014
Non-current		
Others	<u>1,140,679</u>	<u>2,647,377</u>
Current		
Others	<u><u>21,342,602</u></u>	<u><u>25,809,281</u></u>

38. REPURCHASE AGREEMENTS

	31 December	
	2015	2014
Analysed by collateral:		
Securities	847,587	376,491
Debts	41,659,266	52,611,995
Others	85,281,684	71,925,960
Total	<u>127,788,537</u>	<u>124,914,446</u>
Analysed by counterparty:		
Banks	85,049,527	56,737,966
Non-bank financial institutions	9,702,108	39,228,371
Others	33,036,902	28,948,109
Total	<u>127,788,537</u>	<u>124,914,446</u>

39. TAXES PAYABLE

	31 December	
	2015	2014
Income tax	3,710,157	2,106,380
Business tax	395,661	235,559
Others	512,933	953,526
Total	<u>4,618,751</u>	<u>3,295,465</u>

40. SHORT-TERM LOANS

	31 December	
	2015	2014
Analysed by nature:		
Credit loans	4,721,632	3,447,346
Mortgage loans	—	1,204,070
Total	<u>4,721,632</u>	<u>4,651,416</u>
Analysed by term:		
Maturity within one year	<u>4,721,632</u>	<u>4,651,416</u>

As at 31 December 2015, the interest rates on the short-term loans were in the range of 1.07% to 2.39% (31 December 2014: 0.21% to 7%).

41. SHORT-TERM FINANCING INSTRUMENTS PAYABLE

2015

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending Balance
14 CITIC CP009	15/10/2014	14/01/2015	4.40%	4,999,743	257	5,000,000	—
14 CITIC CP010	03/12/2014	04/03/2015	4.50%	4,998,777	1,223	5,000,000	—
14 CITIC D1	15/12/2014	15/12/2015	5.50%	7,999,138	862	8,000,000	—
15 CITIC CP001	12/01/2015	13/04/2015	4.93%	—	5,001,792	5,001,792	—
15 CITIC CP002	05/02/2015	07/05/2015	5.10%	—	5,001,793	5,001,793	—
15 CITIC CP003	06/03/2015	05/06/2015	4.90%	—	5,001,792	5,001,792	—
15 CITIC CP004	03/04/2015	03/07/2015	5.00%	—	5,001,812	5,001,812	—
15 CITIC CP005	22/04/2015	22/07/2015	4.00%	—	5,802,326	5,802,326	—
15 CITIC CP006	14/05/2015	13/08/2015	3.09%	—	5,001,792	5,001,792	—
15 CITIC CP007	12/06/2015	11/09/2015	3.25%	—	5,001,792	5,001,792	—
15 CITIC CP008	10/07/2015	09/10/2015	3.20%	—	5,001,792	5,001,792	—
15 CITIC D1	27/10/2015	27/10/2016	3.90%	—	8,001,507	8,496	7,993,011
	26/09/2014~	15/04/2015~	3.95%~	—	—	—	—
Structured notes	21/10/2015	20/07/2016	6.20%	—	9,329,441	4,474,373	4,855,068
Total				17,997,658	58,148,181	63,297,760	12,848,079

2014

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending Balance
13 CITICS CP009	17/10/2013	16/01/2014	5.19%	3,999,762	238	4,000,000	—
13 CITICS CP010	11/11/2013	10/02/2014	5.75%	3,999,366	634	4,000,000	—
13 CITICS CP011	04/12/2013	05/03/2014	6.40%	3,999,002	998	4,000,000	—
14 CITICS CP001	09/01/2014	10/04/2014	6.15%	—	4,002,875	4,002,875	—
14 CITICS CP002	14/02/2014	16/05/2014	5.56%	—	5,003,586	5,003,586	—
14 CITICS CP003	06/03/2014	05/06/2014	4.99%	—	5,003,585	5,003,585	—
14 CITICS CP004	10/04/2014	10/07/2014	4.90%	—	5,004,085	5,004,085	—
14 CITICS CP005	09/05/2014	08/08/2014	4.39%	—	3,002,163	3,002,163	—
14 CITICS CP006	12/06/2014	11/09/2014	4.49%	—	4,003,102	4,003,102	—
14 CITICS CP007	14/08/2014	13/11/2014	4.58%	—	5,003,585	5,003,585	—
14 CITICS CP008	04/09/2014	04/12/2014	4.57%	—	5,001,792	5,001,792	—
14 CITICS CP009	15/10/2014	14/01/2015	4.40%	—	5,001,535	1,792	4,999,743
14 CITICS CP010	03/12/2014	04/03/2015	4.50%	—	5,000,568	1,791	4,998,777
14 CITICS D1	15/12/2014	15/12/2015	5.50%	—	8,000,040	902	7,999,138
Total				11,998,130	54,028,786	48,029,258	17,997,658

As at 31 December 2015, short-term financing instruments payable comprised of short-term corporate bonds and structured notes with an original tenor of less than one year.

During the year ended at 31 December 2015, there was no default related to any short-term financing instruments payable issued (31 December 2014: Nil).

42. OTHER CURRENT LIABILITIES

	31 December	
	2015	2014
Settlement deposits payable	23,551,103	11,596,232
Salaries, bonuses and allowances payable	9,686,036	5,266,610
Other non-current liabilities due within one year	5,564,395	5,000,000
Accounts due to brokers	4,118,956	2,854,093
Interest payable	3,242,288	1,566,572
Accrued liabilities (i)	436,352	—
Fee and commissions payable	403,099	306,232
Funds payable to securities holders	184,287	184,777
Funds payable to securities issuers	61,651	7,792
Dividends payable	2,049	12,715
Others	4,932,115	2,557,465
Total	52,182,331	29,352,488

- (i) On 26 November 2015, the Company received an Investigation Notice from CSRC (Investigation Corps DIAOCHA TONGZI No.153121) for potential violation of the Regulation on the Supervision and Administration of Securities Companies (“the Regulation”). The investigation scope was in relation with the Company’s margin financing and securities lending businesses whereby the related customer business contracting requirements with under Clause No.84 of the Regulation were not followed.

As at 31 December 2015, in accordance with the requirements under the Regulation and the Accounting Standards for Enterprises No.13 – Contingencies, the Company made a provision of RMB 435.67 million on a conservative basis with reference to the margin trading accounts being inspected during the investigation.

At the date of this report, the Company had yet to receive other information beyond the above investigation scope, the amount of related liabilities under this contingency and its impact on the financial statements cannot be measured and assessed with sufficient reliability. The final result and the corresponding penalties are subject to the final conclusion to be issued by the CSRC.

43. DEBT INSTRUMENTS ISSUED

By category	31 December	
	2015	2014
Bonds and medium term notes issued (a)	60,762,803	43,167,363
Structured notes issued (b)	7,073,000	—
	67,835,803	43,167,363

By maturity	31 December	
	2015	2014
Maturity within five years	51,860,681	29,693,984
Maturity over five years	15,975,122	13,473,379
	67,835,803	43,167,363

During the year ended at 31 December 2015, there was no default related to any issued debt instruments (2014: Nil).

(a) *Bonds and medium term notes issued*

Item		31 December	
		2015	2014
06 CITICS Bond	(i)	1,500,000	1,500,000
13 CITICS 01	(ii)	2,996,176	2,994,726
13 CITICS 02	(iii)	11,975,972	11,973,379
13 CITICS 03	(iv)	—	4,993,188
14 CITICS C1	(v)	—	5,991,916
14 CITICS C2	(vi)	6,999,712	6,999,375
CITIC SEC B1805	(vii)	5,092,149	4,758,797
15 CITICS 01	(viii)	5,498,453	—
15 CITICS 02	(ix)	2,499,150	—
15 CITICS C1	(x)	11,499,329	—
15 CITICS C2	(xi)	8,499,303	—
CITIC SEC MTN	(xii)	4,202,559	3,955,982
Carrying amount		60,762,803	43,167,363

- (i) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB 1.5 billion from 25 May to 2 June 2006, which was guaranteed by CITIC Corporation Limited. The coupon rate of the bond is 4.25% and the maturity date is 31 May 2021.
- (ii) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB 3 billion from 7 June to 14 June 2013. The coupon rate of the bond is 4.65% and the maturity date is 7 June 2018.
- (iii) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB 12 billion from 7 June to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (iv) Pursuant to the approval by the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB 5 billion from 5 August to 7 August 2013. The coupon rate of the bond is 5.00% and the maturity date is 5 August 2016. As at 31 December 2015, the bond is reclassified to other non-current liabilities due within one year.
- (v) Pursuant to the approval by the CSRC, the Company issued a 4-year unguaranteed subordinated bond with a face value of RMB 6 billion on 28 April 2014. The coupon rate of the bond was 5.90% and the maturity date was 28 April 2018. The Company exercised its option to redeem all of the bonds at their face value on 28 April 2015.
- (vi) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed subordinated bond with a face value of RMB 7 billion on 24 October 2014. The coupon rate of the bond is 5.65% and the maturity date is 24 October 2019. The Company has an option to redeem all of the bonds at their face value on their second anniversary.
- (vii) CITIC Securities Finance 2013 Co., Ltd. issued a 5-year bond with a face value of USD 0.8 billion (equivalent to RMB 4.94 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 Limited. The coupon rate of the bond is 2.50% and the maturity date is 3 May 2018.
- (viii) Pursuant to the approval by the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB 5.5 billion from 24 June to 25 June 2015. The coupon rate is 4.60% and the maturity date is 25 June 2020.
- (ix) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB 2.5 billion from 24 June to 25 June 2015. The coupon rate is 5.10% and the maturity date is 25 June 2025.
- (x) The Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB 11.5 billion on 16 March 2015. The coupon rate of the bond is 5.50% and the maturity date is 16 March 2020. The Company has an option to redeem all of the bonds at their face value at their third anniversary. If the Company did not exercise the option, the coupon rate of the bond would increase to 8.51%.
- (xi) The Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB 8.5 billion on 16 July 2015. The coupon rate of the bond is 5.00% and the maturity date is 16 July 2020. The Company has an option to redeem all of the bonds at their face value at their third anniversary. If the Company did not exercise the option, the coupon rate of the bond would increase by 300BP.
- (xii) Pursuant to the resolution of re-Authorising on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders Meeting in 2013 and approval of relevant Regulatory, CITIC Securities Finance MTN Co., Ltd. established a USD 3 billion (or other equivalents) Medium Term Note Programme on 17 October 2014. During the year of 2014, CITIC Securities Finance MTN Co., Ltd. had its first drawdown under the Programme to issue notes with a face value of USD 650 million. During the year of 2015, CITIC Securities Finance MTN Co., Ltd. had eight drawdowns under the Programme to issue notes with an aggregate face value of USD 439.68 million. Above Medium Term Notes are guaranteed by the Company with no counter-guarantee arrangement.

(b) *Structured notes issued*

As at 31 December 2015, the structured notes, with original tenors greater than one year, issued by the Company amounted to RMB 7.07 billion. The coupon rates are between 2.60% and 5.50% (31 December 2014: Nil).

44. LONG-TERM LOANS

	31 December	
	2015	2014
Analysed by nature:		
Credit loans	996,149	1,686,802
Collateralised loans	753,238	567,000
Mortgage loans	595,823	—
Guaranteed loans	—	60,591
Total	<u>2,345,210</u>	<u>2,314,393</u>
Analysed by maturity:		
Maturity within five years	<u>2,345,210</u>	<u>2,314,393</u>

As at 31 December 2015, the interest rates on the long-term loans were in the range of 2.56% to 10.00% (31 December 2014: 3.28% to 8.00%).

45. OTHER NON-CURRENT LIABILITIES

	31 December	
	2015	2014
Regulatory risk provision payables	275,939	190,387
Others	17,980	—
Total	<u>293,919</u>	<u>190,387</u>

46. SHARE CAPITAL

	31 December			
	2015		2014	
	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 (i)	2,278,328	2,278,328	1,178,328	1,178,328
	<u>12,116,908</u>	<u>12,116,908</u>	<u>11,016,908</u>	<u>11,016,908</u>

(i) Refer to Note 1, Corporate information for the details of H shares increase during the year.

47. RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve primarily 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 China Accounting Standards, to its discretionary surplus reserve upon approval by the equity holders 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, including 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 may be used to offset accumulated losses of the Company but shall not be declared as dividends or converted into share capital. Regulatory reserve represents reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. Regulatory reserves are not available for distribution.

(d) Investment revaluation reserve

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

(e) Foreign currency translation reserve

The foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

(f) Distributable profits

The Company's distributable profits are based on the retained profits of the Company as determined under Accounting Standards of Business Enterprises and IFRSs, whichever is lower.

48. CASH AND CASH EQUIVALENTS

	31 December	
	2015	2014
Cash on hand	348	283
Deposits in banks	65,670,408	35,568,228
Total	65,670,756	35,568,511

49. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in these 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 these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

In addition, the Group also held certain interests in the structured entities sponsored by the Group.

In 2015, The Group obtained management fee, commission and performance fee amounting to RMB 3,089.82 million from unconsolidated structured entities sponsored by the Group, for which the Group held no interest in as at the balance sheet date.

As at 31 December 2015, the maximum exposure and the book value of relevant balance sheet items of the Group rising from these unconsolidated structured entities sponsored by the Group were set out as below:

	31 December 2015	
	Carrying amount	Maximum exposure
Financial assets designated as at fair value through profit or loss	2,239,915	2,239,915
Available-for-sale financial assets	3,938,662	3,938,662

Structured entities sponsored by third party financial institutions:

As at 31 December 2015, the maximum exposure to loss and the book value of relevant balance sheet items of the Group rising from the interest held of directly invested structured entities that are sponsored by third party financial institutions were set out as below:

	31 December 2015	
	Carrying amount	Maximum exposure
Financial assets designated as at fair value through profit or loss	1,272,901	1,272,901
Available-for-sale financial assets	13,455,217	13,455,217

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 continues 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 does not derecognise them. A financial liability is recognised for cash received.

Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, 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 does not derecognise 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 2015		31 December 2014	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	16,528,873	18,137,709	27,604,141	27,840,218
Securities lending	28,100	—	95,183	—
Total	<u>16,556,973</u>	<u>18,137,709</u>	<u>27,699,324</u>	<u>27,840,218</u>

51. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	31 December	
	2015	2014
Contracted, but not provided for	<u>194,367</u>	<u>302,086</u>

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

(b) Operating lease commitments

(i) Operating lease commitments - as a lessee

At the end of the reporting year, the Group leased certain office properties under operating lease arrangements. The total future minimum lease payments of the Group under irrevocable operating lease arrangements are summarized below.

	31 December	
	2015	2014
Within one year	985,364	728,524
After one year but not more than two years	896,690	638,574
After two years but not more than three years	788,415	577,159
After three years	1,268,278	1,202,622
Total	<u>3,938,747</u>	<u>3,146,879</u>

(ii) Operating lease commitments - as a lessor

At the end of the reporting year, the Group acts as lessor to rent out PPE under operating lease arrangements. The future minimum lease receivables of the Group under significantly irrevocable operating lease arrangements are summarized below.

	31 December	
	2015	2014
Within one year	233,964	14,400
After one year but not more than two years	233,964	14,400
After two years but not more than three years	233,964	14,400
After three years	1,755,656	98,200
Total	<u>2,457,548</u>	<u>141,400</u>

(c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2015, the Group was not involved in any material legal or arbitration that if adversely determined, the Group would expect materially adversely affect their financial position or results of operations.

52. RELATED PARTY DISCLOSURES

(1) Largest equity holder 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 Equity Holder	State-controlled	Beijing	Zhenming Chang	Financial, industrial and other services	RMB139 billion	15.59% ⁽ⁱ⁾	15.59%	71783170-9

- (i) As at 31 December 2015, the largest equity holder of the Company was CITIC Corporation Limited, which held 15.59% shares of the Company. As at 29 February 2016: CITIC Corporation Limited increased its shareholding in the Company to 16.50%.

(2) Related party transactions

(a) Largest equity holder of the Company – CITIC Corporation Limited

Transactions during the year

	2015	2014
Income from providing services	<u>1</u>	<u>—</u>

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 Corporation Limited. As at 31 December 2015, the total guarantees provided by CITIC Corporation Limited amounted to RMB 1.5 billion (31 December 2014: RMB1.5 billion).

(b) Subsidiaries

Transactions during the year

	2015	2014
Interest income	1,077,821	154,249
Investment income	187,754	134,763
Income from providing services	14,776	18,617
Lease fees received	2,608	1,304
Interest expense	275,415	187,677
Expense from receiving services	124,078	78,683
Impairment loss	63,299	—

Balances at the end of the year

	31 December	
	2015	2014
Other current assets	12,546,953	20,052,620
Available-for-sale financial assets	8,825,950	8,051,446
Deposits for investments -- Stock index futures	7,349,462	968,992
Reverse repurchase agreements	1,896,000	982,350
Derivative financial assets	173,103	314,148
Refundable deposits	90,596	1,393,891
Financial assets held for trading	—	401,090
Due from banks and other financial institutions	—	150,000
Other current liabilities	4,528,976	6,396,132
Derivative financial liabilities	1,493,467	532,572
Customer brokerage deposits	34,115	37,911
Financial liabilities designated as at fair value through profit or loss	—	2,522,226

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

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

Transactions during the year

	2015	2014
Interest income	770,136	336,106
Income from providing services	57,722	102,208
Investment income	(12,055)	11,681
Lease fees received	6,122	13,586
Expense from receiving services	101,814	76,992
Interest expense	49,980	77,873
Lease expenses paid	11,462	10,609
Equity transfer	31,360	—

Balances at the end of the year

	31 December	
	2015	2014
Cash held on behalf of customers (i)	23,612,248	14,168,906
Cash and bank balances (i)	6,704,326	3,961,201
Other current assets	1,525	316
Other current liabilities	1,922	3,242

(i) Represents deposits placed with financial institutions, which are the subsidiaries of the largest equity holder of the Company.

(d) *Controlling equity holder and ultimate parent* of the largest equity holder of the Company and its subsidiaries*

Transactions during the year

	2015	2014
Income from providing services	29,597	561,841
Lease expenses paid	29,465	26,011
Expense from receiving services	6,062	2,565
Interest expense	5	26

Balances at the end of the year

	31 December	
	2015	2014
Other current assets	335	—
Other current liabilities	145	103

* As at 31 December 2015, CITIC Group Corporation is the ultimate controller of the Company.

(e) *Associates*

Transactions during the year

	2015	2014
Income from providing services	2,568	222
Lease fees received	—	2,142
Interest expenses	67	—
Expense from receiving services	—	100

(f) *Other transactions during the year*

As at 31 December 2015, the collective asset management plan managed by the Company and held by the Company and its subsidiaries amounted to RMB 1,954 million (31 December 2014: RMB 341 million).

53. FAIR VALUE AND FAIR VALUE HIERARCHY

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 to banks, due from banks, customer brokerage deposits, repurchase agreements, loans and other financial institutions and short-term financing instruments payable approximate to their carrying amounts, largely due to the remaining maturities of these instruments generally being less than one year.

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, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

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

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

The Group uses valuation techniques or counterparty quotations to determine fair value when it is unable to obtain market quotation in active markets.

The major parameters used in valuation techniques include underlying securities prices, interest rates, foreign exchange rates, volatilities, correlations and counterparty credit spreads and others, which are all observable and obtainable from an active market.

For certain unlisted or thinly traded equity securities, unlisted funds, and certain over-the-counter derivatives transactions, management obtains valuation quotations from counterparties or uses valuation techniques to determine 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 may have impact on the valuation include weighted average cost of capital, liquidity discount, and price to book ratio. As at 31 December 2015, fair value changes resulting from changes in the unobservable inputs were not significant. The Group has implemented internal control procedures to control the Group's exposure to such financial instruments within specified limits.

(a) *Financial instruments recorded at fair value*

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading	73,330,911	51,763,712	1,344,173	126,438,796
- Debt securities	18,371,880	48,094,785	299,651	66,766,316
- Equity investments	54,770,639	646,014	1,044,522	56,461,175
- Others	188,392	3,022,913	—	3,211,305
Financial assets designated as at fair value through profit or loss	7,311,357	956,103	2,086,142	10,353,602
Derivative financial assets	2,832	11,591,781	—	11,594,613
Available-for-sale financial assets	9,947,070	70,017,737	417,627	80,382,434
- Debt securities	1,160,825	31,987,770	—	33,148,595
- Equity investments	8,456,245	3,948,751	417,627	12,822,623
- Others	330,000	34,081,216	—	34,411,216
Total	<u>90,592,170</u>	<u>134,329,333</u>	<u>3,847,942</u>	<u>228,769,445</u>
Financial liabilities:				
Financial liabilities held for trading	1,246,433	2,209,742	—	3,456,175
Financial liabilities designated as at fair value through profit or loss	—	19,225,286	3,257,995	22,483,281
Derivative financial liabilities	15,849	4,749,435	—	4,765,284
Total	<u>1,262,282</u>	<u>26,184,463</u>	<u>3,257,995</u>	<u>30,704,740</u>

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
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
Total	<u>73,859,183</u>	<u>90,772,368</u>	<u>7,471,622</u>	<u>172,103,173</u>
Financial liabilities:				
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
Total	<u>1,046,109</u>	<u>35,336,730</u>	<u>21,218</u>	<u>36,404,057</u>

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

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

	As at 1 January 2015	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	Transfers to Level 2 from Level 3	As at 31 December 2015
Financial assets:									
Financial assets held for trading	1,633,703	181,331	—	1,147,053	83,243	—	1,534,281	390	1,344,173
– Debt securities	—	10,878	—	288,773	—	—	—	—	299,651
– Equity investments	1,633,703	170,453	—	858,280	83,243	—	1,534,281	390	1,044,522
Financial assets designated as at fair value through profit or loss	139,817	121,100	—	1,739,961	177,177	262,441	—	—	2,086,142
Available-for-sale financial assets	5,698,102	(4,468)	(1,633,943)	52,155	15,989	—	3,620,810	57,420	417,627
– Equity investments	5,698,102	(4,468)	(1,633,943)	52,155	15,989	—	3,620,810	57,420	417,627
Financial liabilities:									
Financial liabilities designated as at fair value through profit or loss	21,218	221,990	172	652,235	10,000	2,372,380	—	—	3,257,995

	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
Financial assets:								
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
Financial liabilities:								
Financial liabilities designated as at fair value through profit or loss	23,252	(2,115)	81	—	—	—	—	21,218

Gains on Level 3 financial instruments included in profit or loss are summarized below:

	2015			2014		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains/(losses) for the year	<u>(137,173)</u>	<u>213,146</u>	<u>75,973</u>	<u>299,251</u>	<u>119,080</u>	<u>418,331</u>

(c) Transfers between Level 1 and Level 2

During the year ended 31 December 2015, there were no transfers of fair value measurement between Level 1 and Level 2 (2014: Nil).

(d) Financial instruments not measured at fair value

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

The recorded amounts and fair values of debt instruments issued on the date of financial reporting are summarized below.

	Carrying amount		Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Debt instruments issued	<u>67,835,803</u>	<u>43,167,363</u>	<u>71,891,209</u>	<u>44,279,150</u>

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 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 internal control departments and business departments/business lines. 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 departments 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 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.

Level 2: Executive Committee (Operations 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 privately-issued financial products of the Company. The committee manages relevant risks through pre-sale risk assessment of privately-issued 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 privately-issued financial products, manage the quality control of various privately-issued 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 Units

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 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.

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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.

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.

(a) 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; 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 manages 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, keeps track of the credit risk of its business products and transaction counterparties, provides 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.

- (i) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is presented below:

	31 December	
	2015	2014
Available-for-sale financial assets	48,477,150	27,187,276
Held-to-maturity investments	—	142,585
Refundable deposits	3,463,395	3,353,096
Margin accounts	75,523,403	74,135,256
Financial assets held for trading	84,916,621	72,953,646
Derivative financial assets	11,594,613	7,281,626
Reverse repurchase agreements	36,770,724	42,862,895
Cash held on behalf of customers	143,553,897	96,840,688
Bank balances	68,906,544	37,966,906
Others	18,156,481	21,590,537
Total maximum credit risk exposure	<u>491,362,828</u>	<u>384,314,511</u>

- (ii) Risk concentrations

The breakdown of the Group's maximum credit risk exposure, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarized below.

31 December 2015	By geographical area		Total
	Mainland China	Outside Mainland China	
Available-for-sale financial assets	48,477,150	—	48,477,150
Refundable deposits	3,404,150	59,245	3,463,395
Margin accounts	73,749,966	1,773,437	75,523,403
Financial assets held for trading	70,185,973	14,730,648	84,916,621
Derivative financial assets	1,658,577	9,936,036	11,594,613
Reverse repurchase agreements	36,283,708	487,016	36,770,724
Cash held on behalf of customers	139,155,292	4,398,605	143,553,897
Bank balances	55,245,587	13,660,957	68,906,544
Others	6,677,619	11,478,862	18,156,481
Total maximum credit risk exposure	<u>434,838,022</u>	<u>56,524,806</u>	<u>491,362,828</u>

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
Total maximum credit risk exposure	<u>343,042,003</u>	<u>41,272,508</u>	<u>384,314,511</u>

(b) **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.

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

	31 December 2015						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	150,456,676	—	—	—	—	—	150,456,676
Financial liabilities held for trading	—	1,380,806	85,653	306,919	804,909	1,239,769	3,818,056
Financial liabilities designated as at fair value through profit or loss	2,216,078	2,400,295	2,361,058	1,141,111	—	14,364,738	22,483,280
Repurchase agreements	219,510	74,925,768	45,227,723	9,817,776	—	—	130,190,777
Due to banks and other financial institutions	—	18,014,252	34,040	—	—	—	18,048,292
Short-term loans	22,951	4,698,680	—	—	—	—	4,721,631
Short-term financing instruments payable	—	5,074,236	8,378,711	—	—	—	13,452,947
Debt instruments issued	—	632,500	2,280,359	64,631,955	18,519,250	—	86,064,064
Long-term loans	—	996	3,519	2,588,850	—	—	2,593,365
Others	30,831,047	2,879,904	5,946,174	13,420	—	417	39,670,962
Total	<u>183,746,262</u>	<u>110,007,437</u>	<u>64,317,237</u>	<u>78,500,031</u>	<u>19,324,159</u>	<u>15,604,924</u>	<u>471,500,050</u>
Cash flows from derivative financial liabilities settled on a net basis	<u>5,505</u>	<u>635,393</u>	<u>1,879,057</u>	<u>1,451,627</u>	<u>17,106</u>	<u>608,149</u>	<u>4,596,837</u>
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(6,081,979)	(1,070,000)	—	—	(6,048,198)	(13,200,177)
Contractual amounts payable	—	6,256,084	1,088,260	—	—	6,114,691	13,459,035
	<u>—</u>	<u>174,105</u>	<u>18,260</u>	<u>—</u>	<u>—</u>	<u>66,493</u>	<u>258,858</u>

	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 fair value 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 instruments payable	—	10,110,945	8,440,000	—	—	—	18,550,945
Debt instruments issued	—	—	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
Total	125,963,981	102,561,399	53,624,546	57,297,879	16,138,492	18,095,212	373,681,509
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

(c) **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, the 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 the operation management of the Company.

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

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

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

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

(i) *VaR*

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

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

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

	31 December 2015	31 December 2014
Stock price-sensitive financial instruments	394,669	341,292
Interest rate-sensitive financial instruments	27,569	75,509
Exchange rate-sensitive financial instruments	16,174	22,087
Total portfolio VaR	<u>393,429</u>	<u>368,535</u>

(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.

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

Sensitivity of revenue	December 31	
	2015	2014
Change in basis points		
+25 basis points	(162,821)	(153,897)
- 25 basis points	164,461	155,557

Sensitivity of equity	December 31	
	2015	2014
Change in basis points		
+25 basis points	(62,506)	(22,921)
- 25 basis points	62,858	23,153

(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.

Sensitivity of revenue

Currency	Change in currency rate	2015	2014
USD	-3%	(149,368)	465,840
HKD	-3%	217,652	(106,781)

Sensitivity of equity

Currency	Change in currency rate	31 December 2015	31 December 2014
USD	-3%	(197,073)	(133,111)
HKD	-3%	(216,776)	(195,897)

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

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 31 December 2015 and 31 December 2014. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorised by the original currencies.

	RMB	As at 31 December 2015			Total
		USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	121,701,679	8,617,553	4,128,033	7,289,833	141,737,098

	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

(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 2015, the proportion of the Group's equity investment to total assets further decreased. The financial assets held for trading and financial assets designated as at fair value through profit or loss accounted for approximately 10.24% of the total assets as at 31 December 2015 with a decrease of 1.18 percentage points as compared to 31 December 2014, while the available-for-sale financial assets accounted for approximately 2.08% of the total assets with a decrease of 0.35 percentage points.

55. PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	31 December	
	2015	2014
Non-current assets		
Property, plant and equipment	879,285	529,261
Investment properties	70,921	73,694
Goodwill	43,500	—
Land-use Rights and other intangible assets	2,375,294	153,166
Investments in subsidiaries	24,238,594	24,182,700
Investments in associates	1,850,458	1,561,956
Available-for-sale financial assets	1,633,093	1,615,893
Refundable deposits	3,179,001	4,127,303
Deferred income tax assets	2,375,716	2,057,360
Other non-current assets	158,817	95,221
Total non-current assets	36,804,679	34,396,554
Current assets		
Fee and commission receivables	515,538	164,462
Margin accounts	65,707,613	48,702,527
Available-for-sale financial assets	74,967,601	38,432,043
Financial assets held for trading	100,013,495	95,068,806
Derivative financial assets	3,297,018	1,122,766
Reverse repurchase agreements	38,171,793	37,929,201
Due from banks and other financial institutions	—	150,000
Other current assets	16,545,910	24,323,693
Cash held on behalf of customers	99,012,603	48,359,199
Cash and bank balances	49,089,350	19,782,194
Total current assets	447,320,921	314,034,891
Current liabilities		
Customer brokerage deposits	100,429,992	46,487,203
Derivative financial liabilities	5,378,094	5,502,817
Financial liabilities held for trading	2,147,596	1,303,490
Financial liabilities designated as at fair value through profit or loss	855,770	2,883,978
Repurchase agreements	121,360,801	120,461,032
Due to banks and other financial institutions	18,000,000	11,140,000
Tax payable	3,800,727	1,747,014
Short-term loans	—	1,000,000
Short-term financing instrument payables	12,848,079	17,997,658
Other current liabilities	43,578,557	24,420,291
Total current liabilities	308,399,616	232,943,483
Net current assets	138,921,305	81,091,408
Total assets less current liabilities	175,725,984	115,487,962
Non-current liabilities		
Bonds payable	58,541,095	34,452,584
Deferred income tax liabilities	977,268	1,805,993
Long-term loans	—	545,000
Total non-current liabilities	59,518,363	36,803,577
Net assets	116,207,621	78,684,385
Equity		
Issued share capital	12,116,908	11,016,908
Reserves	76,367,653	52,384,840
Retained profits	27,723,060	15,282,637
Total equity	116,207,621	78,684,385

56. PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Reserves					Retained profits
	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Sub-total	
At 1 January 2015	34,415,560	5,713,770	11,105,583	1,149,927	52,384,840	15,282,637
Profit for the year	—	—	—	—	—	15,097,565
Other comprehensive income	—	—	—	(1,097,314)	(1,097,314)	—
Total comprehensive income	—	—	—	(1,097,314)	(1,097,314)	15,097,565
Dividend – 2014	—	—	—	—	—	(3,415,242)
Appropriation to surplus reserves	—	135,953	—	—	135,953	(135,953)
Appropriation to general reserve	—	—	3,380,843	—	3,380,843	(3,380,843)
Capital increase/(decrease) by equity holders						
– Capital contribution by equity holders	20,019,690	—	—	—	20,019,690	—
– Others	101,684	414,047	1,027,910	—	1,543,641	4,274,896
At 31 December 2015	54,536,934	6,263,770	15,514,336	52,613	76,367,653	27,723,060

	Reserves					Retained profits
	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Sub-total	
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)
At 31 December 2014	34,415,560	5,713,770	11,105,583	1,149,927	52,384,840	15,282,637

57. EVENTS AFTER THE REPORTING PERIOD

Issuance of commercial papers

On 27 January 2016, the Company completed the first tranche issuance of RMB 3 billion of commercial papers, with coupon rate of 2.89% and a term of 91 days, in accordance with the Notice of People's Bank of China on the Issuance of Commercial Papers by CITIC Securities Company Limited (Yin Fa [2015] No.244), and the resolution passed by the 2013 Third Extraordinary General Meeting of the Shareholders of the Company, and the resolution passed by the 17th meeting of the 5th Session of the Board of Directors.

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 2016, the Company makes the following arrangements based on net profit of the current year: (i) appropriates a total of RMB135,953 thousand to the statutory surplus reserve (after this appropriation the statutory surplus reserve of the Company will reach 50% of the registered capital of the Company); (ii) appropriates a total of RMB1,690,421 thousand to the general risk reserve calculated on the basis of 10% of the total of net profit realized by the parent for 2015 and the net profit realized by CITIC Securities (Zhejiang) from January to August of 2015; (iii) appropriates a total of RMB1,690,421 thousand to the transaction risk reserve calculated on the basis of 10% of the net profit realized by the parent for 2015 and the net profit realized by CITIC Securities (Zhejiang) from January to August of 2015; and (iv) cash dividends for the year of RMB5.00 yuan for every 10 shares (pre tax), amounting to approximately RMB6,058,454 thousand (pre tax) in total.

58. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements was approved and authorised for issue by the Board of Directors on 23 March 2016.

11. 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.

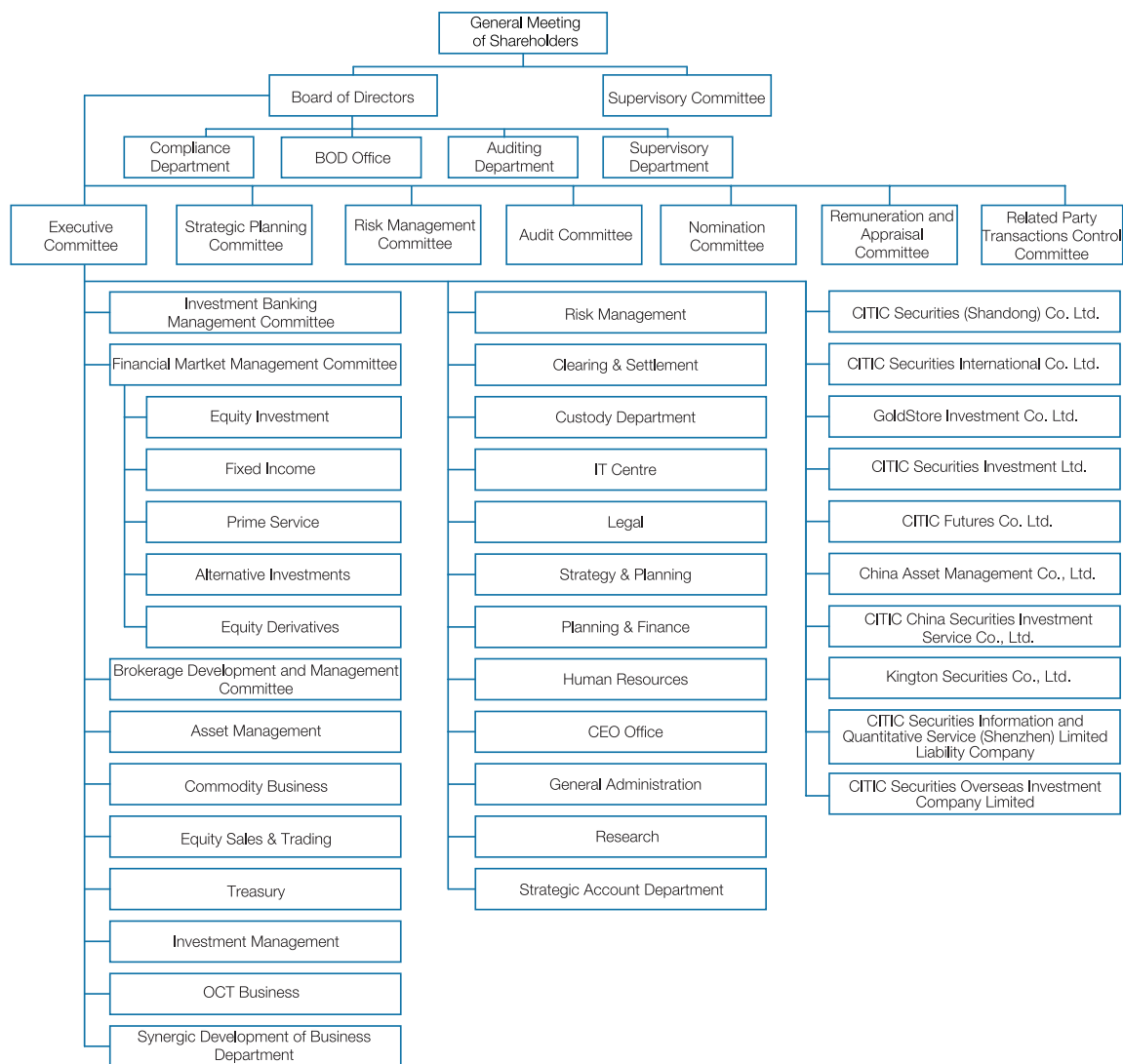
The Articles of Associations.

By order of the Board
CITIC Securities Company Limited
ZHANG Youjun
Chairman

Beijing, the PRC
23 March 2016

As at the date of this announcement, the executive Directors are Mr. ZHANG Youjun, Mr. YIN Ke and Mr. YANG Minghui; the non-executive Directors are Mr. FANG Jun; and the independent non-executive Directors are Mr. LIU Ke, Mr. RAO Geping (Mr. HE Jia) and Mr. LEE Kongwai, Conway (Mr. CHEN Shangwei).

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 Investment Project Recommendation Team, the Quality Control Team, the Human Resource Pool, the Equity Capital Market Department, the Debt Capital Market Department, the Bonds Underwriting Division, the Asset Securitization Division, the Merger & Acquisition Division, the Operation Department and other departments/business lines. The Brokerage Development and Management Committee comprised departments such as the Individual Account Department, the Wealth Management Department, the Institutional Account Department, the Financial Product Department, the Market Research Development, the Operation Management Department and the Human Resources Department, as well as Beijing Branch, Shanghai Branch, Guangdong Branch, Hubei Branch, Jiangsu Branch, Shanghai Pilot Free Trade Zone Branch, Shenzhen Branch, Liaoning Branch, Zhejiang Branch, Fujian Branch and Jiangxi Branch.

Note 2: During the reporting period, the Board of the Company agreed to establish the Strategic Account Department, the OTC Business Department and the Supervisory Department as well as a wholly-owned subsidiary, i.e. CITIC China Securities Investment Services Co., Ltd. (中信中證投資服務有限責任公司) and CITIC Overseas Investment Co., Ltd. (中信海外投資有限公司). The Board of the Company agreed to change the name of the Trading Department to the Equity Investment 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	2015-1-6	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2014
2	2015-1-10	Announcement on the Financial Data for December 2014
3	2015-1-13	Announcement on the Results of Issuance of Tranche 1 of Commercial Papers in 2015
4	2015-1-16	Announcement on the Resolutions Passed at the 32nd Meeting of the 5th Session of the Board
5	2015-1-17	Indicative Announcement on Changes in Shareholding
6	2015-1-19	Announcement on Admission as a Stock Options Trading Participant on the Shanghai Stock Exchange and Margin Financing and Securities Lending Business Corrective Measures
7	2015-1-20	Illustrative Announcement on the Reduction of Shareholding by the Largest Shareholder of the Company
8	2015-1-23	Announcement on Approval of the Establishment of 22 New Securities Branches
9	2015-1-28	Announcement on Preliminary Financial Data for the Year 2014
10	2015-1-29	Announcement on Permission to Commence the Stock Options Proprietary Trading Business
11	2015-1-31	Announcement on the Acquisition of 60% of the Issued Share Capital of KVB Kunlun Financial Group Limited; Second Notice and Supplemental Notice of the 2015 First Extraordinary General Meeting and the 2015 First A Shareholders Class Meeting
12	2015-2-3	Announcement on Approval relating to the Qualification of the Stock Options Market Making Business
13	2015-2-4	Announcement on Approval relating to the Commencement of the SSE 50 ETF Options Market Making Business; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2015
14	2015-2-6	Announcement on the Financial Data for January 2015; Announcement on the Results of Issuance of Tranche 2 of Commercial Papers in 2015
15	2015-2-10	Announcement on the Approval relating to the Amendments to the Material Clauses of the Articles of Association
16	2015-2-13	Announcement on the Resolutions Passed at the 34th Meeting of the 5th Session of the Board
17	2015-2-17	Announcement on the Resolutions Passed at the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting and Legal Opinion
18	2015-2-27	Further Announcement on the Acquisition of 60% Shares in KVB Kunlun Financial Group Limited
19	2015-3-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2015
20	2015-3-4	Announcement on the Changes to the Articles of Association; Articles of Association (revised for the second time in 2014)
21	2015-3-6	Announcement on the Financial Data for February 2015
22	2015-3-7	Announcement on the Results of Issuance of Tranche 3 of Commercial Papers in 2015
23	2015-3-12	H Share Announcement – Notification of Board Meeting
24	2015-3-18	Announcement on the Results of Issuance of 2015 First Tranche of Subordinated Bonds
25	2015-3-20	H Share Announcement – Joint Announcement in relation to the Delay in Despatch of the Composite Document
26	2015-3-24	2014 Annual Report and its Summary; Announcement on the Resolutions Passed at the 35th Meeting of the 5th Session of the Board; Announcement on the Resolutions Passed at the 13th 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 2015; 2014 Annual Audit Report; 2014 Annual Internal Control Evaluation Report; 2014 Audit Report on Internal Control; Special Statement Regarding the Appropriation of the Company's Funds by the Largest Shareholder and Other Related Parties; 2014 CSR Report; 2014 Work Reports of the Independent Non-executive Directors; Annual Report of the Audit Committee under the 5th Session of the Board on the Performance of Duties in 2014; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 35th Meeting of the 5th Session of the Board

No.	Date of Publication	Subject Matter
27	2015-4-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2015
28	2015-4-3	H Share Announcement – Joint Announcement in relation to the Extension of Long Stop Date of the Share Purchase Agreement
29	2015-4-7	Announcement on the Results of Issuance of Tranche 4 of Commercial Papers in 2015
30	2015-4-10	Announcement on the Financial Data for March 2015
31	2015-4-18	Announcement on the Resolutions Passed at the 36th Meeting of the 5th Session of the Board; H Share Announcement – Notification of Board Meeting
32	2015-4-23	Announcement on the Results of Issuance of Tranche 5 of Commercial Papers in 2015
33	2015-4-24	Trustee Report (2014) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2014) for the Corporate Bonds (Tranche 2) in 2013
34	2015-4-30	2015 First Quarterly Report; Notice of the 2014 Annual General Meeting; Documents of the 2014 Annual General Meeting
35	2015-5-5	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2015
36	2015-5-8	Announcement on the Financial Data for April 2015
37	2015-5-9	Announcement on the Resignation of A Non-executive Director
38	2015-5-15	Announcement on the Results of Issuance of Tranche 6 of Commercial Papers in 2015
39	2015-5-23	Announcement on the CSRC Approval relating to the New H Share Issue; Announcement on Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013; Follow-up Rating Report (2015) on the Corporate Bonds (Tranche 1) in 2013; Follow-up Rating Report (2015) on the Corporate Bonds (Tranche 2) in 2013
40	2015-5-30	Announcement on the Completion of the Acquisition of 59.37% Shares in KVB Kunlun Financial Group Limited; Indicative Announcement on the Postponed Re-election and Appointment of the Board and the Supervisory Committee; Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 1) in 2013
41	2015-6-2	Second Notice of the 2014 Annual General Meeting; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2015
42	2015-6-5	Announcement on the Financial Data for May 2015
43	2015-6-6	H Share Announcement – Joint Announcement and Circular in relation to the Despatch of the Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun
44	2015-6-9	Announcement on the Resolutions Passed at the 38th Meeting of the 5th Session of the Board; Announcement on Proposed Additional Issue of H Shares to the National Council for Social Security Fund of the PRC
45	2015-6-13	Announcement on the Results of Issuance of Tranche 7 of Commercial Papers in 2015
46	2015-6-16	Announcement on the Entering into of the Placing Agreement in relation to the Issuance of H Shares under the 2015 First Specific Mandate of the Company
47	2015-6-17	Announcement on the CSRC Approval in relation to Public Issuance of Corporate Bonds to the Qualified Investors
48	2015-6-19	Announcement on the Resolutions Passed at the 39th Meeting of the 5th Session of the Board; Announcement on Public Issuance of the 2015 Corporate Bonds; Credit Rating Report on the 2015 Corporate Bonds; Prospectus and its Summary on Public Issuance of the 2015 Corporate Bonds
49	2015-6-20	Announcement on the Resolutions Passed at the 2014 Annual General Meeting; Legal Opinion of the 2014 Annual General Meeting
50	2015-6-24	Announcement on Issuance of H Shares under the 2015 First Specific Mandate; H Share Announcement – Next Day Disclosure Return; Announcement on the Coupon Interest Rate of the 2015 Corporate Bonds
51	2015-6-26	Announcement on the Results of Issuance of the 2015 Corporate Bonds
52	2015-6-27	Announcement on the Results of the Offers to Acquire KVB Kunlun Financial Group Limited
53	2015-7-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2015
54	2015-7-7	Announcement on the Resolutions Passed at the 40th Meeting of the 5th Session of the Board

No.	Date of Publication	Subject Matter
55	2015-7-8	Announcement on the Financial Data for June 2015; Announcement on the Company's Operating Status and Balance Sheet
56	2015-7-9	Announcement on Spontaneous Purchase of H Share of the Company by its Employees
57	2015-7-11	Notice of the 2015 Second Extraordinary General Meeting and the 2015 Second A Shareholders Class Meeting; Documents of the 2015 Second Extraordinary General Meeting and the 2015 Second A Shareholders Class Meeting; Announcement on the Results of Issuance of Tranche 8 of Commercial Papers in 2015
58	2015-7-14	Announcement on Preliminary Financial Data for the Half Year of 2015; Announcement on Approval Relating to Absorption and Merger of the Wholly-owned Subsidiary CITIC Securities (Zhejiang)
59	2015-7-16	Clarification Announcement on Changes in Shareholding
60	2015-7-17	Announcement on the Results of Issuance of 2015 Second Tranche of Subordinated Bonds
61	2015-7-27	Joint Announcement Made by the Company and CITIC Securities (Zhejiang)
62	2015-7-29	Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters; Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 2) in 2013; Announcement on the Listing of Corporate Bonds in 2015
63	2015-8-4	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2015
64	2015-8-5	Announcement on the Changes to the Articles of Association and Obtaining a New Business Licence; Articles of Association (revised in 2015)
65	2015-8-6	Second Notice of the 2015 Second Extraordinary General Meeting and the 2015 Second A Shareholders Class Meeting
66	2015-8-7	Announcement on the Financial Data for July 2015; Announcement on the Distribution of the 2014 Dividend for A Shares
67	2015-8-13	Announcement on Completion of Filing Commercial Papers Issued by the Company with the People's Bank of China; Joint Announcement Made by the Company and CITIC Securities (Zhejiang) in relation to Postponed Overall Transfer and Merger of Customers and Operations
68	2015-8-15	Announcement on the Resolutions Passed at the 41st Meeting of the 5th Session of the Board; Joint Announcement Made by the Company and CITIC Securities (Zhejiang) in Relation to Overall Transfer and Merger of Customers and Operations on 11 September 2015; H Share Announcement – Notification of Board Meeting
69	2015-8-25	2015 Semi-annual Report and its Summary; Announcement on the Resolutions Passed at the 42nd Meeting of the 5th Session of the Board; Announcement on Applying for Providing Guarantee of Fixed Asset Loan to an Indirect Wholly-owned Subsidiary
70	2015-8-26	Announcement on the Resolutions Passed at the 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting and Legal Opinion; Announcement of the Company
71	2015-8-31	Announcement of the Company
72	2015-9-2	Announcement on the Resolutions Passed at the 43rd Meeting of the 5th Session of the Board; H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2015
73	2015-9-8	Announcement on the Financial Data for August 2015
74	2015-9-16	Announcement of the Company
75	2015-10-1	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2015
76	2015-10-15	Announcement on the Financial Data for September 2015
77	2015-10-20	H Share Announcement – Notification of Board Meeting
78	2015-10-21	Announcement – Development of Absorption and Merger and Cancellation of CITIC Securities (Zhejiang)
79	2015-10-28	Announcement on the Results of Issuance of the 2015 Short-term Corporate Bonds (Tranche 1)
80	2015-10-30	2015 Third Quarterly Report; Announcement on the Resolutions Passed at the 44th Meeting of the 5th Session of the Board
81	2015-11-3	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2015
82	2015-11-4	Announcement – Development of Absorption and Merger of CITIC Securities (Zhejiang)
83	2015-11-6	Announcement on the Financial Data for October 2015
84	2015-11-17	Announcement of the Company

No.	Date of Publication	Subject Matter
85	2015-11-27	Announcement on Receipt of Notice of Investigation from CSRC
86	2015-11-30	Announcement of the Company
87	2015-12-2	H Share Announcement – Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2015
88	2015-12-3	Announcement on the Resolutions Passed at the 45th Meeting of the 5th Session of the Board; Announcement on the Resolutions Passed at the 17th Meeting of the 5th Session of the Supervisory Committee; Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Re-election and Appointment of the 6th Session of the Board of the Company; Statement of the Nominating Party for the Candidate for the Post of Independent Director; Statement of the Candidate for the Post of Independent Director (He Jia); Statement of the Candidate for the Post of Independent Director (CHAN, Charles Sheung Wai); Statement of the Candidate for the Post of Independent Director (Liu Ke)
89	2015-12-5	Announcement on the Financial Data for November 2015; Notice of the 2016 First Extraordinary General Meeting; Documents of the 2016 First Extraordinary General Meeting; Announcement on the Resignation of an External Supervisor
90	2015-12-7	Announcement of the Company
91	2015-12-12	Announcement of the Company
92	2015-12-24	Announcement on the Resolutions Passed at the 46th Meeting of the 5th Session of the Board; Announcement on Election of the Employee Representative Supervisors of the 6th Session of the Supervisory Committee
93	2015-12-31	Second Notice of the 2016 First Extraordinary General Meeting

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

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	2015-1-5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2014
2	2015-1-9	Announcement on the Financial Data for December 2014
3	2015-1-12	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 1 of Commercial Papers in 2015
4	2015-1-14	Proposed Specific Mandate to Issue New H Shares and Proposed Consequential Amendments to the Articles of Association
5	2015-1-15	Engagement in the Stock Options Business
6	2015-1-16	Indicative Announcement on Changes in Shareholding
7	2015-1-18	Admission as a Stock Options Trading Participant on the Shanghai Stock Exchange; Margin Financing and Securities Lending Business Corrective Measures
8	2015-1-19	Illustrative Announcement on the Reduction of Shareholding by the Largest Shareholder of the Company
9	2015-1-22	Overseas Regulatory Announcement – Announcement on Approval of the Establishment of 22 New Securities Branches
10	2015-1-27	Announcement on Preliminary Financial Data for the Year 2014
11	2015-1-28	Permission to Commence the Stock Options Proprietary Trading Business
12	2015-1-30	Announcement on the Acquisition of 60% of the Issued Share Capital of KVB Kunlun Financial Group Limited; Second Notice of the 2015 First Extraordinary General Meeting
13	2015-2-2	Approval relating to the Qualification of the Stock Options Market Making Business
14	2015-2-3	Approval relating to the Commencement of the SSE 50 ETF Options Market Making Business; Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2015
15	2015-2-5	Announcement on the Financial Data for January 2015; Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 2 of Commercial Papers in 2015
16	2015-2-9	Approval relating to the Amendments to the Material Clauses of the Articles of Association
17	2015-2-12	Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 34th Meeting of the 5th Session of the Board
18	2015-2-17	Poll Results of the 2015 First Extraordinary General Meeting, the 2015 First A Shareholders Class Meeting and the 2015 First H Shareholders Class Meeting

No.	Date of Publication	Subject Matter
19	2015-2-26	Joint Announcement– (1) Sale and Purchase of 60% Shares in KVB Kunlun (2) Possible Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of CITIC Securities to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun and (3) Resumption of Trading in the Shares of KVB Kunlun
20	2015-3-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2015
21	2015-3-3	Completion of the Formalities for Change and Filing relating to the Articles of Association; Articles of Association
22	2015-3-5	Announcement on the Financial Data for February 2015
23	2015-3-6	Overseas Regulatory Announcement– Announcement on the Results of Issuance of Tranche 3 of Commercial Papers in 2015
24	2015-3-11	Notification of Board Meeting
25	2015-3-17	Completion of Issuance of 2015 First Tranche of Sub-ordinated Bonds
26	2015-3-19	Joint Announcement– Delay in Despatch of Composite Document
27	2015-3-23	2014 Annual Results Announcement; Announcement – (1) Proposed Issuances of Onshore and Offshore Corporate Debt Financing Instruments; (2) Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments; (3) Change of External Auditors; and (4) Proposed Amendments to the Articles of Association; Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 35th Meeting of the 5th Session of the Board; Announcement on the Resolutions Passed at the 13th 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 2015; Special Remarks and Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Relevant Matters at the 35th Meeting of the 5th Session of the Board; 2014 Work Reports of the Independent Non-executive Directors; 2014 [Annual Internal Control Evaluation Report;] Audit Report on Internal Control; Special Statement Regarding the Appropriation of the Company’s Funds by the Largest Shareholder and Other Related Parties; 2014 CSR Report; Annual Report of the Audit Committee under the 5th Session of the Board on the Performance of Duties in 2014
28	2015-4-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2015
29	2015-4-2	Joint Announcement in relation to the Extension of Long Stop Date of the Share Purchase Agreement
30	2015-4-7	Overseas Regulatory Announcement–Announcement on the Results of Issuance of Tranche 4 of Commercial Papers in 2015
31	2015-4-9	Announcement on the Financial Data for March 2015
32	2015-4-17	Notification of Board Meeting; Overseas Regulatory Announcement–Announcement on the Resolutions Passed at the 36th Meeting of the 5th Session of the Board
33	2015-4-22	Overseas Regulatory Announcement–Announcement on the Results of Issuance of Tranche 5 of Commercial Papers in 2015
34	2015-4-23	Overseas Regulatory Announcement–Trustee Report (2014) for the Corporate Bonds (Tranche 1) in 2013; Trustee Report (2014) for the Corporate Bonds (Tranche 2) in 2013
35	2015-4-29	2015 First Quarterly Report; 2014 Annual Report; Circular and Notice of Annual General Meeting; Proxy Form; Reply Slip
36	2015-5-4	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2015
37	2015-5-7	Announcement on the Financial Data for April 2015
38	2015-5-8	Resignation of A Non-executive Director; List of Directors and their Roles and Functions
39	2015-5-14	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 6 of Commercial Papers in 2015
40	2015-5-22	The CSRC Approval relating to the New H Share Issue; Overseas Regulatory Announcement – Follow-up Rating Results of the Corporate Bonds (Tranche 1, Tranche 2 and Tranche 3) in 2013
41	2015-5-29	The Postponed Re-election and Appointment of the Board and the Supervisory Committee; Joint Announcement – (1) Completion of the Share Purchase Agreement and (2) Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun; Overseas Regulatory Announcement – Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 1) in 2013

No.	Date of Publication	Subject Matter
42	2015-6-1	Second Notice of 2014 Annual General Meeting; Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2015
43	2015-6-4	Announcement on the Financial Data for May 2015
44	2015-6-5	Joint Announcement – Despatch of the Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun; Form of Share Offer Acceptance and Transfer of Ordinary Shares of HK\$0.01 Each in the Issued Share Capital of KVB Kunlun; Form of Option Offer Acceptance and Cancellation of the Outstanding Share Options of KVB Kunlun; Circular – Composite Document relating to Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun
45	2015-6-8	Announcement – (1) Strategic Cooperation Framework Agreement with NSSF; (2) Conditional Subscription of New H Shares by NSSF; Proposed 2015 Second Specific Mandate to Issue New H Shares; Proposed Consequential Amendments to the Articles of Association; Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 38th Meeting of the 5th Session of the Board; Announcement on Proposed Additional Issue of H Shares to the National Council for Social Security Fund of the PRC
46	2015-6-12	Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 7 of Commercial Papers in 2015
47	2015-6-15	Placing of New H Shares under 2015 First Specific Mandate
48	2015-6-16	Overseas Regulatory Announcement – Announcement on the CSRC Approval in relation to Public Issuance of Corporate Bonds to the Qualified Investors
49	2015-6-18	Announcement on the Resolutions Passed at the 39th Meeting of the 5th Session of the Board; Overseas Regulatory Announcement – Announcement on Public Issuance of the 2015 Corporate Bonds; Credit Rating Report on the 2015 Corporate Bonds; [Prospectus of Public Issuance of the 2015 Corporate Bonds;] Prospectus and its Summary of Public Issuance of the 2015 Corporate Bonds
50	2015-6-19	Poll Results of the 2014 Annual General Meeting and Distribution of the 2014 Final Dividend
51	2015-6-23	Announcement –Completion of the Placing of New H Shares under the 2015 First Specific Mandate; Next Day Disclosure Return; Overseas Regulatory Announcement – Announcement on the Coupon Interest Rate of the 2015 Corporate Bonds
52	2015-6-25	Overseas Regulatory Announcement – Announcement on the Results of Issuance of the 2015 Corporate Bonds
53	2015-6-26	Joint Announcement – (1) Close of Unconditional Mandatory Cash Offers by CITIC Securities Corporate Finance (HK) Limited for and on behalf of the Offeror to Acquire All the Issued Shares of KVB Kunlun and to Cancel All the Outstanding Options of KVB Kunlun and (2) Results of the Offers
54	2015-7-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2015
55	2015-7-6	Voluntary Announcement
56	2015-7-8	Voluntary Announcement; Announcement on the Financial Data for June 2015
57	2015-7-10	Notice of Extraordinary General Meeting; Notice of H Shareholders Class Meeting; Circular; Reply Slip; Proxy Form; Overseas Regulatory Announcement – Announcement on the Results of Issuance of Tranche 8 of Commercial Papers in 2015
58	2015-7-13	Preliminary Financial Data for the Half Year of 2015; Announcement - Approval By CSRC of the Merger by Absorption of CITIC Securities (Zhejiang), a Wholly-owned Subsidiary
59	2015-7-16	Voluntary Announcement; Overseas Regulatory Announcement –Announcement on the Results of Issuance of 2015 Second Tranche of Subordinated Bonds
60	2015-7-27	Overseas Regulatory Announcement – Joint Announcement Made by the Company and CITIC Securities (Zhejiang)
61	2015-7-28	Overseas Regulatory Announcement –Announcement on Interest Payment in 2015 for the Corporate Bonds (Tranche 2) in 2013; Announcement on the Listing of Corporate Bonds in 2015; Announcement on Authorizing China Securities Depository and Clearing Corporation Limited Shanghai Branch to Handle Bond Redemption, Interest Payment and Related Matters
62	2015-8-3	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2015
63	2015-8-4	Completion of Formalities with AIC relating to Amendments to the Articles of Association and Change of Business Licence; Articles of Association
64	2015-8-5	Second Notice of the 2015 Second Extraordinary General Meeting

No.	Date of Publication	Subject Matter
65	2015-8-6	Announcement on the Financial Data for July 2015; Overseas Regulatory Announcement – Announcement on the Distribution of the 2014 Dividend for A Shares
66	2015-8-12	Overseas Regulatory Announcement – Joint Announcement Made by the Company and CITIC Securities (Zhejiang) in relation to Postponed Overall Transfer and Merger of Customers and Operations; Announcement on Completion of Filing Commercial Papers with the People’s Bank of China
67	2015-8-14	Notification of Board Meeting; Authorization of Launching the Business of Asset-Backed Securities Backed by Financing related Creditor’s Rights; Overseas Regulatory Announcement – Joint Announcement Made by the Company and CITIC Securities (Zhejiang) in Relation to Overall Transfer and Merger of Customers and Operations on 11 September 2015
68	2015-8-24	2015 Interim Results Announcement; Overseas Regulatory Announcement – Announcement on the Resolutions Passed at the 42nd Meeting of the 5th Session of the Board; Announcement on Applying for Providing Guarantee on Fixed Asset Loan to an Indirect Wholly-owned Subsidiary
69	2015-8-25	Poll Results of the 2015 Second Extraordinary General Meeting, the 2015 Second A Shareholders Class Meeting and the 2015 Second H Shareholders Class Meeting
70	2015-8-26	Voluntary Announcement
71	2015-8-30	Voluntary Announcement
72	2015-9-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2015; Voluntary Announcement
73	2015-9-7	Announcement on the Financial Data for August 2015
74	2015-9-15	Voluntary Announcement
75	2015-9-18	Interim Report 2015
76	2015-9-30	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2015
77	2015-10-14	Announcement on the Financial Data for September 2015
78	2015-10-19	Notification of Board Meeting
79	2015-10-20	Voluntary Announcement
80	2015-10-27	Overseas Regulatory Announcement – Announcement on the Results of Issuance of the 2015 Short-term Corporate Bonds (Tranche 1)
81	2015-10-29	2015 Third Quarterly Results; Voluntary Announcement
82	2015-11-2	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2015
83	2015-11-3	Voluntary Announcement
84	2015-11-5	Announcement on the Financial Data for October 2015
85	2015-11-17	Nomination of Candidate for Director of the Sixth Session of the Board of Directors
86	2015-11-26	Announcement on Receipt of Investigation Notice from CSRC
87	2015-11-29	Announcement
88	2015-12-1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2015
89	2015-12-2	Proposed Appointments of Members of the Sixth Session of the Board of Directors And Proposed Appointments of Non-employee Supervisors of the Sixth Session of the Supervisory Committee; Overseas Regulatory Announcement – Independent Opinions of the Independent Non-executive Directors of the 5th Session of the Board on Re-election and Appointment of the Board of the Company; Statement of the Nominating Party for the Candidate for the Post of Independent Director; Statement of the Candidate for the Post of Independent Director Made by Liu Ke, He Jia and CHAN, Charles Sheung Wai
90	2015-12-4	Announcement on the Financial Data for November 2015; Resignation of a Non-employee Representative Supervisor; Notice of Extraordinary General Meeting; Circular; Reply Slip; Proxy Form
91	2015-12-6	Announcement
92	2015-12-11	Supplemental Information Regarding Re-election of an Independent Non-executive Director
93	2015-12-23	Appointment of Employee Representative Supervisors; Announcement
94	2015-12-30	Second Notice of the 2016 First Extraordinary General Meeting

APPENDIX 3: ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD

No.	Date of approval	Title and number of approval
1	2015-1-19	Approval for the Establishment of 22 Branches by CITIC Securities Company Limited issued by the Shenzhen Bureau of the CSRC (Shen Zheng Ju Xu Ke Zi [2015] No. 15)
2	2015-1-28	Approval relating to Qualification of the Stock Options Market Making Business of CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 158)
3	2015-2-3	Approval relating to Amendments to the Material Clauses of the Articles of Association of CITIC Securities Company Limited issued by the Shenzhen Bureau of the CSRC (Shen Zheng Ju Xu Ke Zi [2015] No. 17)
4	2015-5-19	Approval relating to Additional Issuance of Overseas Listed Foreign Shares of CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 936)
5	2015-6-10	Approval relating to Public Issuance of Corporate Bonds to Qualified Investors by CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 1215)
6	2015-7-8	Approval relating to the Merger by Absorption of CITIC Securities (Zhejiang) Co., Ltd. by CITIC Securities Company Limited (Zheng Jian Xu Ke [2015] No. 1569)