China International Capital Corporation Limited
中國國際金融股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock code: 3908)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2016

The board of directors of China International Capital Corporation Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2016. This announcement, containing the main text of the 2016 interim 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 announcements of interim results. The printed version of the Company's 2016 interim report will be dispatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.cicc.com in due course.

By order of the Board
China International Capital Corporation Limited
Secretary to the Board
Wu Bo

Beijing, August 26, 2016

As at the date of this announcement, the Executive Director of the Company is Mr. Bi Mingjian; the Non-executive Directors are Mr. Ding Xuedong, Ms. Zhao Haiying, Mr. David Bonderman, Mr. Liu Haifeng David, Mr. Shi Jun and Mr. Cha Mou Daid Johnson; and the Independent Non-executive Directors are Mr. Edwin Roca Lim, Mr. Liu Li, Mr. Siu Wai Keung and Mr. Ben Shenglin.

CONTENT

DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"Articles of Association"	the articles of association of the Company (as amended from time to time)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Basic and diluted earnings per share"	(profit attributable to shareholders/equity holders of the Company and holders of other equity instruments - accumulated interest for holders of perpetual subordinated bonds)/weighted average number of ordinary shares in issue
"Board" or "Board of Directors"	the board of directors of the Company
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"China Investment Consulting"	China Investment Consulting Co., Ltd.* (中國投資諮詢有限責任公司), a company incorporated in the PRC in March 1986 and a wholly owned subsidiary of Jianyin Investment and a Shareholder of our Company
"CICC Fund Management"	CICC Fund Management Co., Ltd* (中金基金管理有限公司), a company incorporated in the PRC in February 2014 and a wholly owned subsidiary of our Company
"CICC Futures"	CICC Futures Co., Ltd., a wholly owned subsidiary of our Company, which was known as Fortune Futures Co., Ltd.* (財富期貨有限公司) before being acquired by our Company in 2015
"CICC Hong Kong"	China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司), a company incorporated in Hong Kong in April 1997 and a wholly owned subsidiary of our Company
"CICC Jiacheng"	CICC Jiacheng Investment Management Corporation Limited* (中金佳成投資管理有限公司), a company incorporated in the PRC in October 2007 and a wholly owned subsidiary of our Company
"CICC Zhide"	CICC Zhide Capital Corporation Limited (中金智德股權投資管理有限公司), a company incorporated in the PRC in May 2015 and a wholly owned subsidiary of our Company
"Company"	China International Capital Corporation Limited (中國國際金融股份有限公司), a joint stock limited company incorporated in the PRC converted from China International Capital Corporation Limited (中國國際金融有限公司), a Chinese-foreign equity joint venture, on June 1, 2015
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"CSRC"	the China Securities Regulatory Commission* (中國證券監督管理委員會)
"Directors"	directors of our Company
"Domestic Share(s)"	issued ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is (are) subscribed for or credited as fully paid in RMB

DEFINITIONS

"FICC"	fixed income, commodities and currencies
"Gearing ratio"	(total liabilities - accounts payable to brokerage clients)/(total assets - accounts payable to brokerage clients)
"GIC"	GIC Private Limited, a company incorporated in Singapore in May 1981 and a Shareholder of our Company
"Great Eastern"	The Great Eastern Life Assurance Company Limited, a company incorporated in Singapore in 1908 and a Shareholder of our Company
"Group" or "we"	our Company and our subsidiaries (or with reference to the context, our Company and anyone or more of our subsidiaries)
"H Share(s)"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and are subscribed for and traded in HK dollars
"HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Huijin"	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a wholly state-owned company ultimately owned by the PRC Government, which directly and indirectly held approximately 28.57% of the equity interests in our Company
"I&G"	China National Investment and Guaranty Corporation* (中國投融資擔保股份有限公司), a company incorporated in the PRC in 1993 and a Shareholder of our Company
"IFRSs"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"Jianyin Investment"	China Jianyin Investment Ltd.* (中國建銀投資有限責任公司), a company incorporated in the PRC in June 1986 and a wholly owned subsidiary of Huijin and a Shareholder of our Company
"JIC Investment"	JIC Investment Co., Ltd. (建投投資有限責任公司), a company incorporated in the PRC in October 2012 and a wholly owned subsidiary of Jianyin Investment and a Shareholder of our Company
"KKR Institutions Investments"	KKR Institutions Investments L.P., a limited partnership established in Delaware on February 8, 2010 and a Shareholder of our Company

DEFINITIONS

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Mingly"	Mingly Corporation, a company incorporated in Cayman Islands, and registered in Hong Kong in 1988 and a Shareholder of our Company
"MOF"	the Ministry of Finance of the PRC* (中華人民共和國財政部)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules
"Net capital"	net assets after risk adjustments on certain types of assets as defined in the Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2008) issued by the CSRC
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC" or "China"	the People's Republic of China, and for the purposes of this interim report, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
"PRC Government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities
"Reporting Period"	the six months period ended June 30, 2016
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Supervisors"	supervisors of our Company
"Supervisory Committee"	the supervisory committee of our Company
"TPG"	TPG Asia V Delaware, L.P., a limited partnership established in the United States in 2009 and a Shareholder of our Company
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the United States

DEFINITIONS

"Weighted average return on net assets"	profit attributable to shareholders/equity holders of the Company/weighted average of equity attributable to shareholder/equity holders of the Company
"%"	per cent

Notes:

Certain amounts and percentage figures included in this report have been subject to rounding. Accordingly, the arithmetic sum shown in certain tables may not be the total of the figures preceding them. Any discrepancies in any table or chart between the arithmetic sum shown and the total of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with "" and are provided for identification purposes only.*

COMPANY PROFILE

Name in Chinese:	中國國際金融股份有限公司
Name in English:	China International Capital Corporation Limited
Legal representative:	Ding Xuedong
Chairman:	Ding Xuedong
Chief Executive Officer:	Bi Mingjian
Registered capital:	RMB2,306,669,000
Headquarters in the PRC:	
Registered address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Office address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Company website	http://www.cicc.com
E-mail	Investorrelations@cicc.com.cn
Principal place of business in Hong Kong:	29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Secretary to the Board:	Wu Bo
Address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Telephone	+86-10-65051166
Facsimile	+86-10-65051156
Joint Company Secretaries:	Wu Bo, Zhou Jiaxing
Authorized Representatives:	Bi Mingjian, Zhou Jiaxing
Statutory Auditors engaged by our Company	
Domestic accounting firm:	KPMG Huazhen LLP
International accounting firm:	KPMG

FINANCIAL SUMMARY

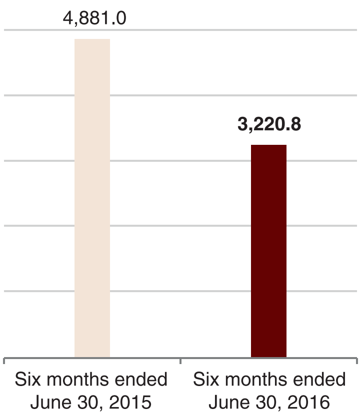
I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Items	Six months ended June 30, 2016	Six months ended June 30, 2015	Changes over the corresponding period of last year
Operating results (RMB in million)			
Total revenue and other income	**3,220.8**	4,881.0	(34.0%)
Total expenses	**2,507.2**	3,404.8	(26.4%)
Profit before income tax	**739.4**	1,512.4	(51.1%)
Profit for the period – attributable to shareholders/equity holders of the Company and holders of other equity instruments	**574.9**	1,136.1	(49.4%)
Net cash used in operating activities	**(240.2)**	(2,264.4)	(89.4%)
Earnings per share (RMB/share)			
Basic and diluted earnings per share	**0.24**	0.68	(64.7%)
Profitability ratios			
Weighted average return on net assets	**3.5%**	13.2%	Decreased by 9.7 percentage points

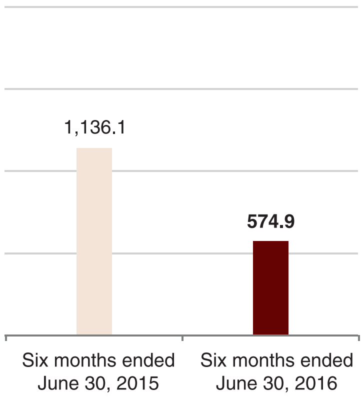
Items	June 30, 2016	December 31, 2015	Changes over the end of last year
Financial position (RMB in million)			
Total assets	**107,572.3**	94,108.8	14.3%
Total liabilities	**90,504.5**	77,666.8	16.5%
Total equity attributable to shareholders of the Company and holders of other equity instruments	**17,037.9**	16,442.0	3.6%
Accounts payable to brokerage clients	**21,439.4**	25,218.1	(15.0%)
Total share capital (in million shares)	**2,306.7**	2,306.7	0.0%
Net assets per share attributable to shareholders of the Company (RMB/share)	**7.0**	6.7	3.9%
Gearing ratio (%)	**80.2%**	76.1%	Increased by 4.1 percentage points

FINANCIAL SUMMARY

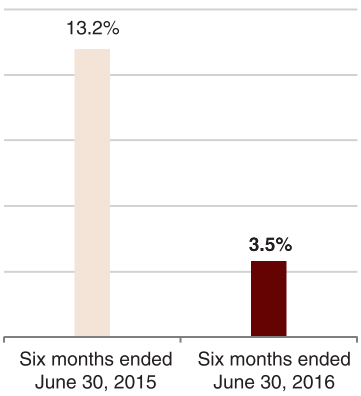
Total revenue and other income
RMB million



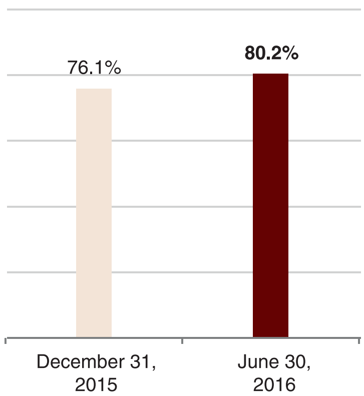
Profit attributable to shareholders/equity holders of the Company and holders of other equity instruments
RMB million



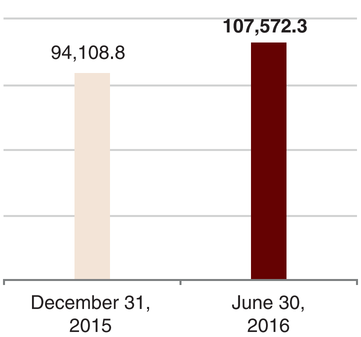
Weighted average return on net assets



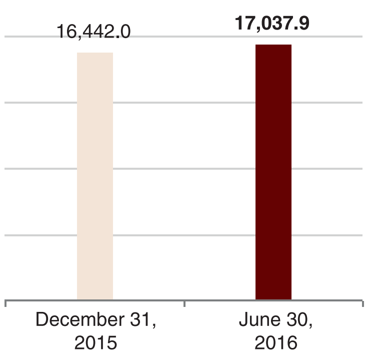
Gearing ratio



Total assets
RMB million



Total equity attributable to shareholders of the Company and holders of other equity instruments
RMB million



FINANCIAL SUMMARY

II. Net Capital and Relevant Risk Control Indicators

As at June 30, 2016, the net capital of our Company was RMB9,018.0 million, representing a decrease of 17.9% as compared to RMB10,980.9 million as at December 31, 2015. The decrease in net capital was primarily due to the HKD1.29 billion capital injection to CICC HK in January 2016, resulting in a significant increase in net capital deduction for long-term equity investment. During the Reporting Period, each of the risk control indicators including net capital of our Company has met the regulatory requirements.

Items	**June 30, 2016**	December 31, 2015
Net capital (RMB million)	**9,018.0**	10,980.9
Net capital/sum of a risk capital reserves	**525.2%**	897.5%
Net capital/net assets	**55.4%**	69.2%
Net capital/liabilities	**21.1%**	37.6%
Net assets/liabilities	**38.0%**	54.4%
Value of equity securities and derivatives held/net capital	**49.0%**	27.5%
Value of fixed-income securities held/net capital	**355.0%**	203.7%

MANAGEMENT DISCUSSION AND ANALYSIS

I. ANALYSIS OF PRINCIPAL BUSINESSES

INVESTMENT BANKING

Equity Financing

Market Environment

During the first half of 2016, the growth of equity financing in the A-share market slowed down, and the equity financing in the Hong Kong stock market remained sluggish.

During the first half of 2016, the size of equity financing in the A-share market reached RMB587,395 million, representing a year-on-year increase of 2.2%. Of which, the size of total proceeds from IPOs only reached RMB30,944 million, representing a year-on-year decrease of 78.8%, and the size of funds raised from follow-on offerings reached RMB504,401 million, representing a year-on-year increase of 52.6%. Follow-on financing remained the main financing channel in the A-share market.

During the first half of 2016, the size of equity financing for PRC-based Hong Kong stocks reached USD11,052 million, representing a year-on-year decrease of 78.2%. Of which, the size of funds raised from IPOs reached USD6,908 million, representing a year-on-year decrease of 59.1%, and the size of funds raised from follow-on offerings reached USD4,144 million, representing a year-on-year decrease of 87.7%.

Actions and Achievements

By close track of the above changes in the market, our Company took proactive actions to, on the one hand, increase efforts in developing and executing A-share follow-on offerings to capture the major market trend, and on the other hand, continue to bring forward the execution of significant equity transactions and prepare for the industry recovery in the future.

During the first half of 2016, our Company completed 11 A-share equity follow-on offerings acting as lead underwriters, with an aggregate offer size of RMB17,314 million, representing a year-on-year increase of 196.0%, exceeding the level throughout last year in terms of number of deals and offer size. Moreover, our Company also completed three listings of enterprises on the NEEQ and two private placements of listed enterprises on the NEEQ.

During the first half of 2016, our Company sponsored one Hong Kong IPO of a PRC-based company, with a transaction size of USD486 million. In addition, our Company completed the Singapore IPO of Manulife US REIT, with a transaction size of USD470 million, further solidifying our leadership in the Singapore REIT IPO market.

Outlook for the second half of 2016

For the second half of 2016, our Company has accumulated sufficient pipeline resources in both domestic and overseas markets, and will continue to ensure smooth execution of such projects, to maintain our traditional strengths in blockbuster transactions of Hong Kong IPOs, and significantly increase our market share of A-share IPOs and follow-on offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

Debt and Structured Financing

Market Environment

During the first half of 2016, the PRC bond market continued to grow rapidly. The size of onshore and offshore bond issuance by PRC-based enterprises reached USD462,145 million, representing an increase of 46% over USD316,585 million during the same period of last year. The issuance size of the PRC bond market accounted for 52.8% of the entire Asia-Pacific (including Japan) market, as compared to only 44.3% for the same period of last year.

Actions and Achievements

During the first half of 2016, our Company continued to seize opportunities from the rapid growth of the onshore bond market. Meanwhile, our Company also strengthened the capacity of the offshore bond issuance team and achieved satisfactory results.

During the first half of 2016, our Company completed 54 onshore bond offerings and eight offshore bond offerings with an aggregate offering size of RMB261,246 million, representing a year-on-year increase of 121.4% in the number of offerings and an increase of 22.2% in the offer size.

The offshore bond underwriting business experienced rapid growth during the first half of 2016. Offerings of offshore bond completed by our Company already exceeded the total of last year. Among PRC-based securities firms, our Company ranked first in terms of number of offerings of "investment grade international bond of PRC-based enterprises in Asia" and ranked second in terms of number of offerings of "equity-linked securities in Asia-Pacific (excluding Japan)". Offshore bond business will gradually become an integral part of our Company's bond business.

In respect of product innovation, during the first half of 2016, our Company completed the first-ever corporate bond issued by an enterprise owned by the whole people (i.e. China Guodian Corporation corporate bond) and the first-ever renewable corporate bond issued by a centrally-owned SOE (i.e. CRCC renewable corporate bond). Our Company continued to maintain our strength in bond product innovations.

Outlook for the second half of 2016

For the second half of 2016, our Company will continue to accelerate expansion in the onshore and offshore bond markets, consolidate our achievements in offshore bond underwriting business, maintain our leading position in equity-linked securities, and try to ensure the completion of various innovative projects in progress.

Financial Advisory Services

Market Environment

During the first half of 2016, the M&A market of PRC-based companies remained vibrant. During the period, the amount of M&A transactions by PRC-based companies reached USD376,528 million, representing a year-on-year increase of 17.7% on the 2015 high base. Among these transactions, the amount of onshore M&A transactions reached USD223,675 million, representing a year-on-year decrease of 11.7%; and the amount of cross-border M&A transactions reached USD152,853 million, representing a year-on-year increase of 129.9%, which recorded another historic high.

MANAGEMENT DISCUSSION AND ANALYSIS

Actions and Achievements

During the first half of 2016, on the league tables of M&As by PRC-based companies published by Dealogic, our Company was once again ranked as the top global financial advisor in terms of transaction amount, with an aggregate total amount of USD103,352 million, which shows our Company's leading market position has been further strengthened. Among these transactions, the aggregate amount of onshore M&A transactions reached USD39,357 million, and the aggregate amount of offshore M&A transactions reached USD63,995 million.

The leading position in the M&A business was attributable to our Company's ongoing attention to the changing demand of the PRC-based enterprises. In addition to capturing opportunities brought about by SOE reforms, our Company also enhanced our capacity and expanded our customer base in the cross-border M&A sector.

Outlook for the second half of 2016

For the second half of 2016, our Company will bring forward major SOE restructurings and cross-border M&A transactions in progress and, at the same time, capitalize on the downturn of the equity market to increase our efforts in the development of relevant areas such as industry upgrading and restructuring, and privatization of enterprises via tender offer.

Equities Business

Market Environment

At the beginning of 2016, the A-share market corrected due to factors including RMB exchange rate fluctuations and then rebounded driven by rallies of commodity prices and anticipation of reform initiatives to be released by the NPC and CPPCC. Subsequently, the market was range bound, and fluctuated within a narrow range due to limited incremental liquidity. During the first half of 2016, the trading volume of stocks and funds in the A-share market contracted significantly as compared to the same period of 2015. The weighted average daily turnover for the first half of 2016 recorded RMB530.4 billion, representing a year-on-year decrease of 54.4%. Meanwhile, competition for brokerage commission in the industry intensified. The average commission rate during the first half of 2016 continued to decrease to 4.0bps, representing a decrease of 20.0% as compared to 2015. As at June 30, 2016, the Shanghai Composite Index closed at 2,929.61 points, representing a decrease of 17.2% as compared to the beginning of the year. The Shenzhen Stock Exchange Component Index closed at 10,489.99 points, representing a decrease of 17.2% as compared to the beginning of the year. The CSI 300 Index closed at 3,153.92 points, representing a decrease of 15.5% as compared to the beginning of the year.

In light of global economic uncertainties, intensified market volatility, and declining yield curves during the first half of the year, the average daily turnover in Hong Kong amounted to HKD67.5 billion, down 46.1% as compared to the same period of last year. As at June 30, 2016, the Hang Seng Index closed at 20,794.37 points, representing a decrease of 5.1% as compared to the beginning of the year. The H-shares Index closed at 1,637.88 points, representing a decrease of 10.0% as compared to the beginning of the year. The HSCCI closed at 3,624.86 points, representing a decrease of 10.5% as compared to the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Actions and Achievements

During the first half of 2016, our Company continued to deepen the transformation and upgrade of the equities business towards the integrated financial services of "sales, investment and research, products, trading". Through more diverse revenue patterns to increase income, we strived to enhance the trading volume and reduce income fluctuations under the relatively weak market environment and achieved progress in the following areas.

Strengthening our global strategy. Our Company continued to strengthen our global network in Mainland China, New York, London, Singapore and Hong Kong, to provide global financial services to domestic and foreign investors, and in the meatine seized special opportunities along with the gradual opening up of China's capital market, to constantly enrich the coverage of our cross-border business. We achieved significant growth in areas, such as increasing the market share of trading on the Shanghai-Hong Kong Stock Connect, helping Chinese investors understand and access the overseas market, helping foreign investors pursue the investment in China's capital market and continuing to consolidate and expand our revenue base.

Expanding our customer base and networks. By further penetrating our core customer base, our equities business strived to maintain and increase market share and build a high-quality customer ecosystem. During the first half of 2016, through diversified services offerings, the trading volume of our Company's equities business increased significantly and our Company's mutual fund trading market share in China increased by over 1 percentage point year-on-year. Meanwhile, leveraging our specialized services and diversified product mix, the net average commission rate for the brokerage business of our Company stood at 5.7bps during the first half of 2016, maintaining a certain level of premium to the market rate. As at June 30, the number of QFII/RQFII customers increased by nine to 186, accounting for 42.2% of the QFII/RQFII market, continuing to lead in market share. Under the challenging environment, our Company promptly adjusted our strategy in overseas equities business. While strengthening the trading market share in Hong Kong, our Company also further expanded in other markets such as the US stock market and the Shanghai-Hong Kong Stock Connect, to enhance penetration into existing customers and development of new customers, as well as to stabilize the source of foreign market income. Our Company fully utilized our long-cultivated and accumulated customer base in the equities business and joined forces with primary market business segments to bring forward transactions in domestic and overseas primary markets.

Strengthening our product platform. Based on our self-built prime brokerage system, our Company continued to improve the prime brokerage service platform, to provide customers with integrated services in transaction, risk control, valuation and liquidation, administration outsourcing and product. Meanwhile, our Company continued to improve the overseas trading platform, promote platform construction, enhance user experience and expand customer base. For the OTC derivatives business, we improved the front, middle and back office staffing, strengthened process control, enhanced the domestic and overseas equity derivatives system, comprehensively enhanced the operational efficiency and risk management capabilities, and established a standardized management system. In the domestic market, the income from new products grew rapidly and the income contribution from PRC non-brokerage business increased to 30%. The effect of fluctuations in A Share trading volume on segment revenue during the first half of 2016 was effectively mitigated by the continuous expansion of customer base, industry-leading innovation capabilities, diversified product mix, effective marketing collaboration between sales team and product team, and continuous growth in business scale. In the overseas market, our Company successfully implemented the electronic trading platform, fully utilized the innovation capabilities and synergy of cross-border team and designed various high-value-added equity derivatives to meet the investment needs of high-end customers, thereby improving the income structure and created new sources of income by leveraging on the development of new businesses.

Cultivating multi-skill talents. We encourage domestic and overseas employees to closely communicate with each other, and emphasize on collaboration and cooperation between staff from sales, product, trading and middle and back functions. We strengthened new products trainings within the department, and built up a sound learning and multi-tiered talent pool of multi-disciplinery and multi-skillset professionals.

Outlook for the second half of 2016

Our Company will continue to capitalize on development opportunities amid the trend of globalization and institutionalization of capital markets during the second half of 2016. Our Company will continue to strengthen our unique competitive advantages in high-end customer base, professional services, product innovation capabilities and implementation of the global strategy, striving to establish a team with the capability to embrace opportunities as well as challenges, continuing to enhance the ability to generate stable income under different economic and market conditions. In the domestic market, our Company will maintain and enhance penetration in our core customer groups, strengthen revenue base and capture business opportunities with flexible new product designs, to expand sources of revenue. In the overseas market, we will take an early move to lock in major customer groups for the new trading platform and new product, prepare for the launch of Shenzhen-Hong Kong Stock Connect in respect of investor education, personnel trainings and systems, and further optimize resource allocation and talent cultivation, to capture the opportunities brought about by the change of capital flow in a quantative easing environment.

FICC

Market Environment

During the first half of 2016, China's bond markets saw significant fluctuations in both yields and credit spreads. During the first quarter of 2016, depreciation in RMB exchange rates, stock market volatilities, a decline in global risk appetites, and strong inflows from banks' wealth management arms into the bond markets put a downward pressure on the yield curves and allowed the credit spreads to tighten to historical lows. The outbreaks of credit defaults in April, however, caused significant redemptions in bond funds, creating selling pressure in bonds that quickly pushed up the yields and widened the credit spreads. Since May, the bond yields reverted course again, as the launch of the value-added tax in China, the decline in expectation of economic growth and inflationary pressure, and the global risk aversion triggered by Brexit all contributed to the drop in yields.

Actions and Achievements

During the first half of 2016, our Company forged ahead on the FICC platform building efforts and provided our clients with customized products and solutions in structural financing, investment and risk management. Our Company continued to strengthen our distribution and trading capabilities, while making steady progress in building up our product structuring and client service platform for cross-border businesses. We built up our offshore bond distribution and syndicate team in the first half of 2016, allowing us to service our clients in both onshore and offshore markets. Our Company's FICC business further strengthened risk control and prudently evaluated market opportunities during the first half of 2016, allowing us to achieve returns despite a global market turmoil that saw a significant increase in credit and event risks.

Outlook for the second half of 2016

Our Company will continue to improve the FICC platform. Our Company endeavor to deliver solid returns in trading activities and principal investments, while keeping risks well managed. Our Company will continue to strengthen all FICC business lines, enhance our structuring capabilities for all types of financial products, and provide our clients with customized services in investment, financing and risk management.

MANAGEMENT DISCUSSION AND ANALYSIS

Wealth Management

Market Environment

During the first half of 2016, the trading volume and commission income of China's stock market experienced a significant decline as compared to the same period of last year. As the business model of trading commissions as the main source of profit faced challenges, securities firms had to enhance their competitivenesses by focusing on development of innovative business and innovative products, and enhancing customer service capabilities. The rising high net worth population in China, the potentially large size of investable assets, and the emergence of diversified financial products further exacerbated industry reshuffling, which prompted securities firms to transform their business models from focusing on trading channels and investment research services to offering customers with one-stop professional wealth management solutions.

Actions and Achievements

During the first half of 2016, in response to changing market conditions and industry trend, the Wealth Management Department continued to strengthen the wealth management platform with a focus on the demand dynamics of target customer, to fully address the diverse needs of customers. While further strengthening our fundamental trading business, we also focused on development of more diversified capital intermediary services and products, to further increase the share of fee-based business. Through consolidation of enhanced platforms, optimizing and upgrading the structure of the wealth management platform, we constantly provided customers with efficient and quality services. Our Company strived to build a premier one-stop wealth management brand in China's capital market.

During the first half of 2016, our Company increased the efforts in product selection and design, improved the product distribution services across all dimensions, made full use of the research findings of Wealth Research with regard to customer risk appetite and product compatibility, to provide more quality selected products to customers.

As at June 30, 2016, the number of wealth management customers reached 28,009, representing a year-on-year increase of 15.6%. Total assets in customer accounts reached RMB418,424 million, representing a year-on-year increase of 16.2%. Assets per account reached approximately RMB15 million. During the first half of 2016, the total sales of financial products of the Wealth Management business of our Company reached RMB7,495 million.

Item	**June 30, 2016**	December 31, 2015
Number of customers	**28,009**	26,600
Assets of customers (RMB million)	**418,424**	399,026

In 2016, we were again awarded China's Best Wealth Management Brand by Securities Times.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2016

In the second half of 2016, our Company will further optimize the organizational structure and functions management, and draw on the experience of internationally leading wealth management platforms, to improve our talent pool and personnel productivity, strengthen capacity building of teams, and enhance training of new hires. While continuing to upgrade the product platform, our Company will also improve the ability to select, consign, create, sell and research products, and develop a diversified portfolio that includes cross-border investment products. While continuing to enhance our platform to support fundamental trading activities, our Company also strives to provide more diversified and delicate consultancy services and capital intermediary services, to constantly optimize the revenue structure and enhance the ability to navigate through market cyclical fluctuations. Our Company will make every effort to manage operational risks and business risks, and promote the steady development of various business lines, to remain as the top one "Wealth Management" brand in the industry.

INVESTMENT MANAGEMENT

Asset Management

Market Environment

As the financial market transitions from a bank-based system of indirect financing to a capital market-based system of direct financing, the asset management market in China faced unprecedented opportunities for development. As at June 30 2016, the size of assets under management of the asset management segments of domestic securities companies reached RMB14.8 trillion, the majority of which was channel business. In a market of increasing diversity in terms of market participants, product designs and business models, the development of asset management businesses of securities companies is facing great opportunities and challenges.

Actions and Achievements

Our Company focuses on the active asset management business. Always putting clients' interest at heart, our Company provides high quality investment management services to institutional clients and high net worth individuals. During the first half of 2016, our Company continued to strengthen efforts in investment research, to build a diversified product system and improve the investment process, risk control and operations. All businesses were conducted steadily and the scale of asset under management grew steadily.

As at June 30, 2016, our Company's total size of onshore and offshore assets under management was RMB130,063 million, representing an increase of 21.6% as compared to the end of 2015. Of which the assets under management (AUM) of collective asset management products, segregated asset management products (including NSSF and enterprises annuities) and special asset management products amounted to RMB8,585 million, RMB109,496 million and RMB11,982 million, respectively. We had 235 products, most of which were under active management. As at June 30, 2016, the size of our Company's investment advisory business exceeded RMB20,000 million, almost doubled compared to the end of 2015.

Assets Under Management (RMB million)

Type	**June 30, 2016**	December 31, 2015
Collective asset management products	**8,585**	7,556
Segregated asset management products	**109,496**	90,912
Special asset management products	**11,982**	8,533
Total	**130,063**	107,001

In terms of client mix, our Company's Asset Management business continued to focus on onshore and offshore institutional clients. During the first half of 2016, the size of assets under management from institutional clients grew steadily, of which the AUM of corporate annuities and collective pension plans were relatively stable and the size of bank outsourcing business has grown substantially as compared to the end of last year.

In terms of product innovation, during the first half of 2016, the Asset Management business of our Company created 13 CAM plans, increasing the total number of CAM plans to 52.

Outlook for the second half of 2016

In the second half of 2016, our Company will seize the opportunities from the rapid development of the asset management business and continue to focus on active management, develop new clients and enrich the product lines. Our Company will adhere to the core values of "Clients First (客户至上)", "Pursuit of Perfection (精益求精)" and "Integrity as Foundation (至誠至信)" and capture opportunities for business innovation and breakthrough, to realize the long-term stable appreciation of assets for our clients.

Mutual Fund

Market Environment

Due to economic slowdown and market weakness, the mutual fund industry faced some operational pressures during the first half of 2016. The total size of AUM by domestic mutual funds decreased to RMB7.9 trillion from RMB8.4 trillion at the end of 2015. The newly created fund units amounted to 364.7 billion units, as compared to 1.1 trillion units in the same period of last year. The average issue size has declined significantly and the issuance of equity funds was particularly challenging. Meanwhile, in a tightened regulatory environment with more stringent risk control, product innovation in the industry has evidently slowed down.

Actions and Achievements

During the first half of 2016, CICC Fund Management, on one hand, continued to strengthen team building, internal control, and new product development; and on the other hand, focused on risk control and delivering stable investment performance despite an unfavorable market environment, and strived to provide better services and further expand our client base.

During the first half of the year, the overall size of assets under management and advisory services of CICC Fund Management continued to grow. As at June 30, 2016, the total AUM for asset management and advisory businesses of our Company was RMB18,550 million, increasing by 9.6% as compared to the end of 2015. Among which, the size of AUM for segregated investment accounts increased to RMB7,278 million, increasing by 23.9% as compared to the end of 2015. The size of AUM of the investment advisory business amounted to RMB9,918 million, increasing by 67.7% as compared to the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2016

In the second half of 2016, CICC Fund Management will continue to foster and expand the professional teams, strengthen the investment research capabilities, and improve the investment, risk control and operation processes. Meanwhile, we will focus on the development of new products based on customer needs and enhance the integrated service capabilities of our Company.

Private Equity

Market Environment

The Report on the Work of the Government of 2016 put forward the "continued promotion of business startups and innovations by the general public", "development of angel investment, venture capital, industrial investment, and other investment", in order to help the private equity investment market remain active. During the first half of 2016, the size of funds raised and invested by PRC private equity funds remained high. According to the statistics of Zero2IPO Research Center, on the high base of the same period of last year, the size of funds raised amounted to RMB408.6 billion in the first half of 2016, representing a year-on-year increase of 1%; the size of investment amounted to RMB417.8 billion, representing a year-on-year increase of 59%, among which the Internet, IT, biotechnology/medical and healthcare, finance, entertainment and media sectors were popular invesment targets in the market. In terms of exit of investments, during the first half of the year, the IPO activities continued to slump. The number and size of IPO exit deals remained at a relatively low level as compared to the second half of last year. However, the NEEQ market maintained rapid development. Exit deals on the NEEQ market accounted for 80% of the total deals.

Actions and Achievements

As at June 30, 2016, the total size of funds managed by CICC Jiacheng, a wholly-owned subsidiary of our Company, reached RMB17,837 million. During the first half of the year, the fund raising for RMB Fund II of CICC Jiacheng was in steady progress. The expected size of proceeds to be raised is RMB5 billion to RMB8 billion. With a strong and high quality pipeline, the Fund expected to be officially established during the year. As the investment period was completed in 2015, the focus of USD-denominated funds and RMB-denominated funds was shifted from investment to portfolio management and exit. During the first half of 2016, although the A-share and the Hong Kong capital market remained sluggish, CICC Jiacheng seized market opportunities and completed or partially completed the exit of the three projects, bringing high returns to investors.

In 2015, our Company established CICC Zhide to engage in principal equity investment. During the first half of 2016, CICC Zhide completed the first settlement of the RMB-denominated fund with an investment strategy focusing on "merger, acquisition and restructuring, reforms of SOEs", the size of which amounted to RMB7,017 million. In addition, CICC Zhide completed the fundraising for the RMB-denominated fund with an investment theme of strategic emerging industries, the size of which amounted to RMB503 million. During the first half of 2016, the private equity funds managed by CICC Zhide completed eight investments.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2016, the European and US Fund of Fund business of our Company demonstrated steady progress and continuous development. The European and US Credit Opportunities Fund managed by our Company has successfully completed fundraising, and our European and US private equity funds achieved assuring performances. As at June 30, 2016, the size of assets under management by the Fund of Fund amounted to approximately RMB10.4 billion, representing an increase of 9.5% compared to the end of 2015.

Outlook for the second half of 2016

In light of the economic downturn, PRC has initiated the supply-side structural reforms to boost domestic demand, and promote industry structure upgrade. The government will continue to increase support for innovative and high growth enterprises to facilitate "innovations and entrepreneurship by the general public". The Private Equity business will continue to grasp opportunities to promote business innovation and development. Meanwhile, for funds that have completed investments, our Company will continue to strengthen portfolio management, diversify exit channels and improve investment returns.

As China has become the world's second largest M&A market, and along with the new round of SOE reforms, our Company will focus on themes such as M&A and reorganisation, help corporate investors to push forward industry consolidation, transformation and upgrade, and assist companies in conducting international mergers and acquisitions, and advise on the privatization of Chinese corporations listed overseas. Our Company will continue to strengthen our cross-border product porfolio to satisfy investors' needs for overseas asset allocation and will also continue to research and establish private equity investment platforms for different investment strategies.

RESEARCH

Our Company's Research team focuses on the global markets. Our Company conducts fundemental research on macro-economy, market strategy, asset allocation, equities, commodities and derivatives, and provide research services to domestic and international customers through the global platform of our Company. As at June 30, 2016, the Research Department consists of more than 150 experienced professionals. Most research analysts were able to cover multiple markets. As at June 30, 2016, Our Company's Research team has covered over 40 industries and 900 companies listed on the stock exchange in PRC, Hong Kong, New York and Singapore, and more than two-thirds of the research reports issued were bilingual in English and Chinese.

Our Company is well recognized by domestic and international investors due to the independence, objectivity and comprehensiveness of our reports. During the first half of 2016, our Company has published in total more than 6,000 research reports in English and Chinese. In addition to a large number of industry and company research reports, our Company has also published a number of thematic reports on, among other things, "supply-side reform", "Shanghai Disneyland", "biological innovation" and "investing in the AFV sector", reflecting our Company's in-depth understanding of China. Given our strengths in terms of both quantity and quality of our research reports, our Company has won the reputation of "China Expert" among our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS OF FINANCIAL STATEMENTS

(i) Profitability Analysis of the Company

During the first half of 2016, influenced by factors such as slow economic growth and the downturn in the A-share market, our Group's revenue and profit has declined as compared to the same period of the last year. During the first half of 2016, our Group realized a total revenue and other income of RMB3,220.8 million, representing a year-on-year decrease of 34.0%, among which the investment banking business realized a revenue of RMB730.1 million, representing a year-on-year decrease of 26.8%; the equities business realized a revenue of RMB931.4 million, representing a year-on-year decrease of 37.3%; the FICC business realized a revenue of RMB594.5 million, representing a year-on-year decrease of 40.3%; the wealth management business realized a revenue of RMB522.3 million, representing a year-on-year decrease of 42.0%; the investment management business realized a revenue of RMB333.3 million, representing a year-on-year decrease of 25.7%; other businesses realized a revenue of RMB109.2 million, representing a year-on-year increase of 100.7%.

During the first half of 2016, our Group's total expense amounted to RMB2,507.2 million, representing a year-on-year decrease of 26.4%. This was mainly due to the year-on-year decrease of 45.5% in staff costs and the year-on-year decrease of 56.8% in business tax and surcharges.

During the first half of 2016, our Group realized profit attributable to shareholders/equity holders of our Company and holders of other equity instruments of RMB574.9 million, representing a year-on-year decrease of 49.4%; the Group realized basic and diluted earnings per share of RMB0.24, representing a year-on-year decrease of 64.7% and the weighted average return on net assets amounted to 3.5%, representing a year-on-year decrease of 9.7 percentage points.

(ii) Asset Structure and Quality

As at June 30, 2016, the equity attributable to shareholders of our Company and holders of other equity instruments amounted to RMB17,037.9 million, increasing by RMB595.9 million or 3.6% as compared to the end of 2015, which was mainly due to the RMB574.9 million profit attributable to shareholders of our Company and holders of other equity instruments.

The asset structure remained stable and the asset quality and liquidity maintained at a good level. As at June 30, 2016, the total assets of the Group amounted to RMB107,572.3 million, representing an increase of 14.3% or RMB13,463.6 million as compared to the end of 2015. After the deduction of accounts payable to brokerage clients, the Group's total assets amounted to RMB86,133.0 million, increasing by RMB17,242.3 million or 25.0% as compared to the end of 2015. The Group's financial assets at fair value through profit or loss and derivative financial assets amounted to RMB59,120.3 million, accounting for 55.0% of total assets; cash and bank balances amounted to RMB12,186.8 million, accounting for 11.3% of total assets; receivables from margin clients and financial assets held under resale agreements amounted to RMB5,810.3 million, accounting for 5.4% of the total assets; investments in associates and joint ventures and available-for-sale financial assets amounted to RMB2,021.3 million, accounting for 1.9% of total assets. During the Reporting Period, the Group has no significant impairment in the Group's assets.

As at June 30, 2016, the total liabilities of the Group amounted to RMB90,504.5 million, increasing RMB12,837.7 million or 16.5% as compared to the end of 2015; after deduction of accounts payable to brokerage clients, the total liabilities of the Group amounted to RMB69,065.1 million, increasing RMB16,616.4 million or 31.7% as compared to the end of 2015. The Group's financial assets sold under repurchase agreements amounted to RMB15,920.0 million, accounting for 17.6% of total liabilities; long-term and short-term debt securities issued amounted to RMB13,211.8 million, accounting for 14.6% of total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities amounted to RMB10,771.7 million, accounting for 11.9% of total liabilities; placements from financial institutions amounted to RMB6,439.6million, accounting for 7.1% of total liabilities.

The Gearing ratio was relatively stable. As at June 30, 2016, after the deduction of accounts payables to brokerage clients, the Gearing ratio of the Group was 80.2%, increasing by 4.1 percentage points from the Gearing ratio of 76.1% as at December 31, 2015.

(iii) Cash Flows

If excluding the impact of cash held on behalf of our brokerage clients, the cash and cash equivalents of the Group in the first half of 2016 had a net increase of RMB3,285.9 million, while the net increase in cash and cash equivalents in the same period of 2015 was RMB2,716.3 million, representing an increase of RMB569.6 million, which was mainly due to the year-on-year decrease of RMB2,081.2 million in net cash outflow resulted from operating and investing activities and the year-on-year decrease of RMB1,511.6 million in net cash inflow generated from financing activities.

In terms of structure, the net cash outflow resulted from operating activities in the first half of 2016 was RMB240.2 million, while in the same period of 2015 it was RMB2,264.4 million, mainly due to the decreased margin financing cash usage as a result of decreased financing demand from clients. The net cash outflow resulted from investing activities in the first half of 2016 was RMB60.4 million, while in the same period of 2015 it was RMB117.3 million, which was mainly due to the increase in cash received from disposal of investments, which were partially offset by the payment for acquisition of investments. The net cash generated from financing activities in the first half of 2016 was RMB3,586.4 million, while in the same period of 2015 it was RMB5,098.0 million, which was mainly due to the increased cash outflow resulted from repayment of debt securities issued.

(iv) Operating Revenue and Profit Analysis

1. *Analysis of Items in Statement of Profit or Loss and Other Comprehensive Income*

Summary Results of Operations

In the first half of 2016, the Group realized profit after tax of RMB574.9 million, representing a decrease of 49.4% as compared to the six months ended June 30, 2015, and the main results of operations of the Group are listed as follows:

Unit: RMB in million

Item	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% of change
Revenue				
Fee and commission income	**2,107.1**	3,118.9	**(1,011.8)**	**(32.4%)**
Interest income	**455.3**	419.1	**36.2**	**8.6%**
Investment income	**606.4**	1,313.7	**(707.3)**	**(53.8%)**
Total revenue	**3,168.7**	4,851.7	**(1,682.9)**	**(34.7%)**
Other income	**52.1**	29.4	**22.7**	**77.3%**
Total revenue and other income	**3,220.8**	4,881.0	**(1,660.2)**	**(34.0%)**
Total expenses	**2,507.2**	3,404.8	**(897.6)**	**(26.4%)**
Share of profits of associates and joint ventures	**25.7**	36.2	**(10.4)**	**(28.8%)**
Profit before income tax	**739.4**	1,512.4	**(773.1)**	**(51.1%)**
Income tax expense	**164.5**	376.3	**(211.8)**	**(56.3%)**
Profit for the period	**574.9**	1,136.1	**(561.3)**	**(49.4%)**
Attributable to:				
Shareholders/equity holders of the Company and holders of other equity instruments	**574.9**	1,136.1	**(561.3)**	**(49.4%)**

Revenue Breakdown

Due to slowdown in the economic growth and downturn of the capital market, the Group's income and profit experienced a decrease as compared to the same period in the last year. In the first half of 2016, the Group's total revenue and other income decreased by 34.0% to RMB3,220.8 million as compared to the six months ended June 30, 2015. Among others, fee and commission income accounted for 65.4%, representing an increase of 1.5 percentage points as compared to the six months ended June 30, 2015; interest income took up 14.1%, representing an increase of 5.5 percentage points as compared to the six months ended June 30, 2015; investment income accounted for 18.8%, representing a decrease of 8.1 percentage points as compared to the six months ended June 30, 2015. Breakdown of the Group's revenue for the recent two periods is listed as follows:

Unit: RMB in million

Item	**Six months ended June 30, 2016**	Six months ended June 30, 2015	**Change**
Fee and commission income	**65.4%**	63.9%	Increased by 1.5 percentage points
Interest income	**14.1%**	8.6%	Increased by 5.5 percentage points
Investment income	**18.8%**	26.9%	Decreased by 8.1 percentage points
Other income	**1.6%**	0.6%	Increased by 1.0 percentage points
Total	**100.0%**	100.0%	

In the first half of 2016, due to the poor performance of the capital market, the Group's investment income experienced a large decrease as compared to the same period in the last year, resulting in a smaller proportion in total revenue and other income.

Net Fee and Commission Income

In the first half of 2016, the Group realized a net fee and commission income of RMB1,972.2 million, representing a decrease of 33.6% as compared to the six months ended June 30, 2015. Breakdown of the Group's net fee and commission income for the six months ended June 30, 2016 is listed as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB in million

Item	**Six months ended June 30, 2016**	Six months ended June 30, 2015	**Change**	**% of change**
Fee and commission income				
Brokerage commission income	**833.5**	1,514.6	**(681.0)**	**(45.0%)**
Underwriting and sponsoring fees	**747.0**	968.8	**(221.9)**	**(22.9%)**
Financial advisory fees	**163.2**	194.4	**(31.1)**	**(16.0%)**
Investment advisory fees	**59.3**	79.8	**(20.5)**	**(25.7%)**
Asset management fees	**304.1**	361.3	**(57.2)**	**(15.8%)**
Total fee and commission income	**2,107.1**	3,118.9	**(1,011.8)**	**(32.4%)**
Fee and commission expense	**134.9**	148.0	**(13.1)**	**(8.8%)**
Net fee and commission income	**1,972.2**	2,970.9	**(998.7)**	**(33.6%)**

The table below sets forth the respective proportions of the Group's fee and commission income:

	Six months ended June 30, 2016	Six months ended June 30, 2015	Change
Brokerage commission income	**39.6%**	48.6%	Decreased by 9.0 percentage points
Underwriting and sponsoring fees	**35.4%**	31.1%	Increased by 4.4 percentage points
Financial advisory fees	**7.7%**	6.2%	Increased by 1.5 percentage points
Investment advisory fees	**2.8%**	2.6%	Increased by 0.3 percentage points
Asset management fees	**14.4%**	11.6%	Increased by 2.8 percentage points
Fee and commission income	**100.0%**	100.0%	

Brokerage commission income decreased by RMB681.0 million or 45.0% as compared to the six months ended June 30, 2015, mainly due to a significant drop in the market trading volumes in the first half of 2016 compared to the same period in 2015, where the average daily trading volume in A-share stocks and funds dropped by 54.4% and the average daily trading volume in H-share stocks dropped by 46.1%. Meanwhile, the average commission rate of the Company's brokerage business was 0.057%, maintaining a market premium.

Underwriting and sponsoring fees decreased by RMB221.9 million or 22.9% as compared to the six months ended June 30, 2015, mainly due to a decrease in the Company's business scale of A-share and H-share equity financing as compared to the six months ended June 30, 2015.

Financial advisory fees decreased by RMB31.1 million or 16.0% as compared to the six months ended June 30, 2015, mainly due to a decrease in the revenue from M&A projects of the Company as compared to the six months ended June 30, 2015.

Investment advisory fees decreased by RMB20.5 million or 25.7% as compared to the six months ended June 30, 2015, primarily because of less active capital markets as compared to the six months ended June 30, 2015, resulting in a decrease in the income from investment advisory services of the Company.

Asset management fees decreased by RMB57.2 million or 15.8% as compared to the six months ended June 30, 2015, mainly due to the decrease in the investment return in the capital markets as compared to the six months ended June 30, 2015, resulting in a decrease in the performance fees for asset management business.

Net Interest Income

In the first half of 2016, the Group incurred a net interest expense of RMB173.2 million, representing an increase of 90.4% as compared to the six months ended June 30, 2015. Breakdown of the Group's net interest expense for the six months ended June 30, 2016 is listed as follows:

Unit: RMB in million

Item	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% of change
Interest income	**455.3**	419.1	**36.2**	**8.6%**
Interest income from financial institutions	**268.3**	158.4	**110.0**	**69.4%**
Interest income from margin financing and securities lending	**129.9**	220.8	**(90.9)**	**(41.2%)**
Interest income from financial assets held under resale agreements	**56.8**	39.8	**17.0**	**42.7%**
Others	**0.2**	0.1	**0.1**	**101.1%**
Interest expenses	**628.5**	510.1	**118.4**	**23.2%**
Interest expenses of accounts payable to brokerage clients	**67.4**	49.4	**18.0**	**36.5%**
Interest expenses on financial assets sold under repurchase agreements	**212.0**	201.4	**10.5**	**5.2%**
Interest expenses on placements from financial institutions	**84.9**	66.5	**18.4**	**27.6%**
Interest expenses on debt securities issued	**247.4**	186.0	**61.5**	**33.0%**
Others	**16.9**	6.8	**10.0**	**146.4%**
Net interest expense	**173.2**	91.0	**82.2**	**90.4%**

Interest income from financial institutions increased by RMB110.0 million or 69.4% as compared to the six months ended June 30, 2015, mainly due to an increase of 94.0% in interest income from our own bank deposits to RMB100.7 million from RMB51.9 million for the six months ended June 30, 2015 and an increase of 57.4% in interest income from clients' bank deposits to RMB167.6 million from RMB106.5 million for the six months ended June 30, 2015.

Interest income from margin financing and securities lending decreased by RMB90.9 million or 41.2% as compared to the six months ended June 30, 2015, mainly due to our clients' decreased demand for margin financing and securities lending under the unfavorable domestic stock market conditions and a decrease in the average business scale of our margin financing and securities lending business.

Interest income from financial assets held under resale agreements increased by RMB17.0 million or 42.7% as compared to the six months ended June 30, 2015, mainly due to an increase of 42.9% in interest income from stock-based lending to RMB55.3 million from RMB38.7 million for the six months ended June 30, 2015.

Interest expenses increased by RMB118.4 million or 23.2% as compared to the six months ended June 30, 2015, mainly due to the issuance of the RMB2 billion subordinated bonds in May 2015 and the arrangement of the USD250 million syndication loan in July 2015 which increased the interest expenses in the first half of 2016 significantly while had limited impact on the interest expenses in the same period in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Income

In the first half of 2016, the Group recognized an investment income of RMB606.4 million, representing a decrease of 53.8% as compared to the six months ended June 30, 2015. Breakdown of the Group's investment income for the six months ended June 30, 2016, is listed as follows:

Unit: RMB in million

	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% of change
Investment income				
Net gains from disposal of available-for-sale financial assets	**2.7**	14.7	(11.9)	(81.4%)
Dividend income from available-for-sale financial assets	**17.7**	12.9	4.9	37.7%
Net (losses)/gains from financial instruments at fair value through profit or loss	**(2.6)**	3,486.6	(3,489.2)	N/A
– Equity investments	**(524.1)**	2,889.8	(3,413.9)	N/A
– Debt securities	**435.9**	435.8	0.1	0.0%
– Funds and other investments	**85.6**	161.0	(75.4)	(46.8%)
Net gains/(losses) from derivative financial instruments	**588.5**	(2,200.4)	2,788.9	N/A
Total	**606.4**	1,313.7	(707.3)	(53.8%)

Net gains from disposal of available-for-sale financial assets decreased by RMB11.9 million or 81.4% as compared to the six months ended June 30, 2015, mainly due to a decrease in the number of investment projects the Company quited as compared to the six months ended June 30, 2015.

Dividend income from available-for-sale financial assets increased by RMB4.9 million or 37.7% as compared to the six months ended June 30, 2015, mainly due to dividend income from the equity investments held by the Company.

Net (losses)/gains from financial instruments at fair value through profit or loss were generated from the following categories of investments:

– In the first half of 2016, the Group incurred investment loss of RMB524.1 million while in the first half of 2015 the investment gain amounted to RMB2,889.8 million, mainly due to the significant drop in the stock prices in the first half of 2016 compared to the same period in 2015 which resulted in a large decrease in investment income.

– For the first half of 2016 and 2015, investment gains from debt securities were RMB435.9 million and RMB435.8 million respectively, substantially the same as compared to each other.

– For the first half of 2016 and 2015, investment gains from funds and other investments were RMB85.6 million and RMB161.0 million respectively, mainly due to decrease in the positions and rate of return of funds and other investments for the first half of 2016 compared to the same period of 2015.

In the first half of 2016, net investment gains from derivative financial instruments were RMB588.5 million while in the first half of 2015, net investment losses from derivative financial instruments were RMB2,200.4 million, mainly due to the gains and losses generated from the total return swap business. Upon consideration of the hedge position held, the Company's exposure to the market risk and the impact on its profit or loss due to the volatility of the fair value of the underlying assets under the total return swap agreements is limited.

Operating Expenses

In the first half of 2016, the Group's operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB1,743.8 million, representing a decrease of 36.5% as compared to the six months ended June 30, 2015. Main compositions of the Group's operating expenses for the six months ended June 30, 2016, are listed as follows:

Unit: RMB in million

Item	**Six months ended June 30, 2016**	Six months ended June 30, 2015	Change	% of change
Operating expenses				
Staff costs	**1,150.4**	2,108.9	(958.6)	(45.5%)
Depreciation and amortization expenses	**31.9**	23.5	8.4	35.6%
Business tax and surcharges	**85.0**	196.7	(111.7)	(56.8%)
Other operating expenses	**476.9**	425.6	51.4	12.1%
Reversal of impairment losses	**(0.5)**	(8.1)	7.6	(93.6%)
Total	**1,743.8**	2,746.7	(1,002.9)	(36.5%)

Staff costs decreased by RMB958.6 million or 45.5% as compared to the six months ended June 30, 2015, mainly due to the decline in the Company's overall performance resulting in the decreased staff costs.

Depreciation and amortization expenses increased by RMB8.4 million or 35.6% as compared to the six months ended June 30, 2015, mainly due to the increase in office equipment and leasehold improvements of the Company.

Business tax and surcharges decreased by RMB111.7 million or 56.8% as compared to the six months ended June 30, 2015, mainly due to a decrease in taxable income of the Company.

Other operating expenses increased by RMB51.4 million or 12.1% as compared to the six months ended June 30, 2015, mainly due to the increase in bank charges and foreign exchange loss.

2. *Segment Results*

We have five principal business segments: investment banking, equities, FICC, wealth management and investment management. Others mainly comprises of other business departments and back offices.

Unit: RMB in million

	Six months ended June 30, 2016	Six months ended June 30, 2015	**Change**	**% of change**
Investment Banking				
Segment revenue and other income				
Fee and commission income	**701.8**	991.4	(289.6)	(29.2%)
Interest income	**0.9**	0.7	0.2	31.8%
Investment income	**13.4**	5.3	8.1	154.5%
Other income	**14.1**	0.1	13.9	9,974.0%
Total	**730.1**	997.5	(267.4)	(26.8%)
Segment expenses	**(560.8)**	(775.7)	214.8	(27.7%)
Profit before income tax	**169.3**	221.9	(52.5)	(23.7%)
Segment margin[1]	**23.2%**	22.2%	Increased by 0.9 percentage points	
Equities				
Segment revenue and other income				
Fee and commission income	**628.1**	1,136.3	(508.2)	(44.7%)
Interest income	**126.1**	108.5	17.6	16.2%
Investment income	**172.7**	239.9	(67.2)	(28.0%)
Other income	**4.6**	0.6	4.0	620.7%
Total	**931.4**	1,485.3	(553.9)	(37.3%)
Segment expenses	**(397.0)**	(532.4)	135.3	(25.4%)
Profit before income tax	**534.4**	952.9	(418.5)	(43.9%)
Segment margin[1]	**57.4%**	64.2%	Decreased by 6.8 percentage points	

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% of change
FICC				
Segment revenue and other income				
Fee and commission income	**171.8**	43.0	128.9	299.8%
Interest income	**50.4**	4.4	46.0	1,046.1%
Investment income	**361.1**	947.8	(586.8)	(61.9%)
Other income	**11.3**	—	11.3	N/A
Total	**594.5**	995.2	(400.7)	(40.3%)
Segment expenses	**(556.7)**	(447.4)	(109.3)	24.4%
Profit before income tax	**37.8**	547.8	(510.0)	(93.1%)
Segment margin(1)	**6.4%**	55.0%	Decreased by 48.7 percentage points	
Wealth Management				
Segment revenue and other income				
Fee and commission income	**294.5**	560.0	(265.5)	(47.4%)
Interest income	**214.6**	267.8	(53.2)	(19.9%)
Investment income	**8.3**	69.7	(61.4)	(88.1%)
Other income	**4.8**	2.4	2.4	98.6%
Total	**522.3**	899.9	(377.7)	(42.0%)
Segment expenses	**(403.3)**	(538.6)	135.3	(25.1%)
Profit before income tax	**119.0**	361.3	(242.3)	(67.1%)
Segment margin(1)	**22.8%**	40.1%	Decreased by 17.4 percentage points	

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% of change
Investment Management				
Segment revenue and other income				
Fee and commission income	**310.5**	388.0	(77.5)	(20.0%)
Interest income	**7.3**	3.5	3.8	107.7%
Investment income	**15.2**	47.6	(32.4)	(68.1%)
Other income	**0.3**	9.6	(9.3)	(97.3%)
Total	**333.3**	448.7	(115.4)	(25.7%)
Segment expenses	**(338.1)**	(326.7)	(11.4)	3.5%
Share of profits of associates and joint ventures	**21.2**	32.2	(10.9)	(34.0%)
Profit before income tax	**16.4**	154.1	(137.7)	(89.4%)
Segment margin[1]	**4.9%**	34.4%	Decreased by 29.4 percentage points	
Others[2]				
Segment revenue and other income				
Fee and commission income	**0.3**	0.1	0.2	261.6%
Interest income	**56.0**	34.2	21.8	63.8%
Investment income	**35.7**	3.5	32.3	928.2%
Other income	**17.1**	16.6	0.5	2.7%
Total	**109.2**	54.4	54.8	100.7%
Segment expenses	**(251.2)**	(783.9)	532.7	(68.0%)
Share of profits of associates and joint ventures	**4.5**	4.0	0.5	13.0%
Loss before income tax	**(137.5)**	(725.5)	588.0	(81.0%)

(1) Segment margin = profit before income tax/segment revenue and other income

(2) The segment margin of "others" segment is not presented because this segment incurred loss before income tax in the relevant years

III. Significant Investment and Financing Activities of the Group

(i) Equity Investment

The Group has no significant equity investment in the first half of 2016.

(ii) Equity Financing

The Group has no significant equity financing in the first half of 2016.

(iii) Debt Financing

As at June 30, 2016, the Group's outstanding bonds with an original maturity of over one year are set out in the table below:

Type	Tranche	Size of Issuance (RMB million)	Value Date	Maturity Date	Interest Rate*	Remarks
Subordinated bonds	CICC 2013 subordinated bonds	3,000	July 25, 2013	July 25, 2019	Bearing an interest rate of 6% in the first three years; 9% from the fourth to sixth year	The Company has fully redeemed such subordinated bonds on July 25, 2016
	CICC 2015 subordinated bonds	2,000	May 29, 2015	May 29, 2021	Bearing an interest rate of 5.25% in the first three years; 8.25% from the fourth to sixth year	The Company has an option to redeem such subordinated bonds on May 29, 2018
Perpetual subordinated bonds	CICC 2015 perpetual subordinated bonds	1,000	May 29, 2015	—	Bearing an interest rate of 5.70% in the first five years, and subject to reset every five years	As at the end of each five-year period, the Company has a right to extend the term of such perpetual subordinated bonds for another five-year period
Offshore USD MTN	CICC Hong Kong Finance 2016 MTN Limited USD500 million guaranteed notes due 2019 under Guaranteed Medium Term Note Program	3,316**	May 18, 2016	May 18, 2019	Bearing a coupon rate of 2.75%, priced at T3+192.5 bps, with a corresponding yield of 2.811%	

* Interest rate refers to per annum interest rate.

** The original size of issuance of such Offshore USD MTN is USD500 million. The exchange rate of USD against RMB was 6.6312

MANAGEMENT DISCUSSION AND ANALYSIS

In the first six months of 2016, the Company completed 22 issuances of beneficiary certificates, with an aggregate principal amount of RMB4,619 million. As at June 30, 2016, the balance of beneficiary certificates payable of the Company was RMB4,919 million, among which the balance of the beneficiary certificates with an original maturity one year or less was RMB4,500 million and the balance of the beneficiary certificates with an original maturity of longer than 1 year was RMB419 million. As at June 30, 2016, the balance of short-term commercial papers issued by the Company was nil. As at June 30, 2016, the balance of bank borrowings payable of CICC Hong Kong amounted to USD97 million, equivalent to RMB645 million.

The Company has completed one issurance of corporate bonds and one issuance of subordinated bonds in July 2016, the sizes of which are RMB4,000 million and RMB2,000 million respectively.

IV. Risk Management

Overview

The Company has always believed that risk management creates value. The risk management of the Company aims to effectively allocate risk-based capital, limit risks to a controllable level, maximize corporate value and constantly solidify the foundation for steady and sustainable development of the Company. The Company has sound corporate governance, effective risk management measures and a strict internal control system. Therefore, the Company was granted the "AA" regulatory rating (the highest rating ever granted to PRC securities firm so far) by the CSRC for nine consecutive years since 2007 when the CSRC adopted the rating framework.

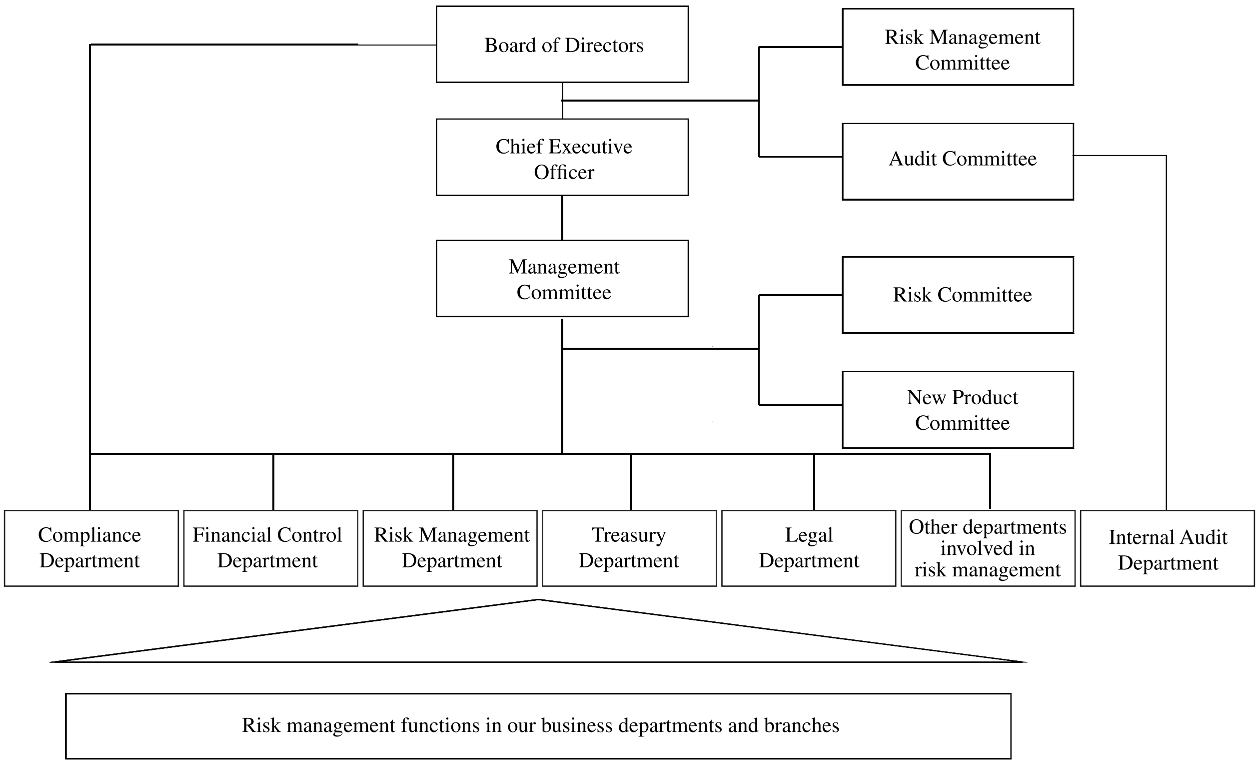
Pursuant to the relevant laws and regulations and regulatory requirements, the Company has established a sound governance structure system. The general meeting, the Board of Directors and the Supervisory Committee of the Company perform duties in accordance with the "Company Law", the "Securities Law" and the Articles of Association and supervise and manage the business operations of the Company. Through enhancing and improving the internal control structure, compliance and risk management culture, the Board of Directors has made internal control and risk management an essential aspect of the business operation management of the Company.

Risk Management Framework

The Company has established a four-level risk management structure: (i) Board of Directors, (ii) senior management, (iii) departments in charge of risk management and other departments performing risk management functions, and (iv) business departments and branches.

MANAGEMENT DISCUSSION AND ANALYSIS

The organizational structure of the Company's risk management is shown in the following chart:



The First Level: Board of Directors

The Board of Directors is the top level of our Company's risk management and internal control governance structure and is responsible for evaluating our overall risk management goals and risk management policy of the Company. The Board of Directors performs its risk management duties primarily through the Risk Management Committee and the Audit Committee.

The Risk Management Committee is responsible for (i) deliberating on the overall goals and basic policies for compliance management and risk management; (ii) reviewing the organization design and duties of compliance management and risk management; (iii) evaluating the risk of important decisions and solutions to significant risks which require review by the Board of Directors; (iv) deliberating on compliance reports and risk assessment reports requiring review by the Board of Directors; and (v) other duties as authorized by the Board of Directors.

The Audit Committee is responsible for (i) supervising the annual audit, assessing the truthfulness, accuracy and integrity of information in the audited financial statements, and filing motions for consideration by the Board of Directors; (ii) recommending the appointment or change of the external auditor, and supervising the work of the external auditor; (iii) communication between internal and external audit; and (iv) other matters as delegated by the Board of Directors.

The Second Level: Senior Management

Under the Board of Directors, the Company has established the Management Committee chaired by the Chief Executive Officer. The Management Committee determines the risk appetite of the Company in accordance with the overall risk management goals set by the Board of Directors and assumes a major responsibility of ensuring the effectiveness of the overall risk management of the Company.

Risk Committee

Under the supervision of the Management Committee, the Risk Committee is responsible for (i) formulating and supervising risk management principles, policies and overall risk limits; and (ii) monitoring the capital level and material market, credit, liquidity and operational risks. Our Company's Chief Operating Officer and Chief Risk Officer are the chairman and executive chairman of the Risk Committee, respectively. Other members of the Risk Committee include: (i) Chief Financial Officer; (ii) heads of the business departments of Equities, FICC, Wealth Management, Investment Management, Investment Banking and Capital Markets; and (iii) Chief Compliance Officer and heads of the Legal Department, Operations Department, IT Department and Corporate Communications Department.

Chief Risk Officer

The Chief Risk Officer is responsible for (i) leading the Risk Management Department to monitor, assess and report the overall risk level; (ii) approving risk management policies regarding market risk, credit risk, liquidity risk and operational risk, and approving risk limits of various businesses; and (iii) independently reviewing material market, credit, liquidity and operational risks, and supervising risk management processes.

The Third Level: Departments In Charge of Risk Management

Risk Management Department

The Risk Management Department is the key department for risk management and is mainly responsible for: (i) identifying, assessing, monitoring and reporting market, credit, liquidity and operational risks in the business activities of the Company; (ii) implementing risk management policies and procedures; and (iii) conducting independent risk assessment on new businesses and products.

Compliance Department

The Compliance Department is responsible for (i) providing timely and independent opinions on compliance issues and regulatory requirements to the senior management and business departments; (ii) continuously identifying, assessing and managing compliance risks; (iii) supervising, monitoring and reporting the overall compliance status of the Company; and (iv) formulating the compliance policy of the Company and providing training to staff to improve their understanding of and compliance with the relevant applicable laws, regulations and guidelines as well as the internal policies of the Company.

Legal Department

The Legal Department is responsible for managing legal risks relating to business operations and providing daily legal support and advice to the management, business departments and middle and back offices of the Company.

Internal Audit Department

The Internal Audit Department reports directly to the Audit Committee under the Board of Directors. The Internal Audit Department is responsible for (i) examining, assessing and reporting the overall internal control environment, risk assessment measures, internal control measures, reporting and monitoring measures of the Company; (ii) examining, assessing and reporting the adequacy of internal control measures of business departments and the effectiveness for implementation thereof; and (iii) making advisory opinions on the improvement and optimization of the Company's internal control process.

Other Departments Involved in Risk Management

Other departments involved in risk management include the Operations Department, the Financial Control Department, the Treasury Department, the IT Department and the Human Resources Department. Their risk management responsibilities are as follows:

The Operations Department is responsible for the centralized management of operation-related matters and regulating the clearing, settlement and reconciliation processes of business transactions.

The Financial Control Department is responsible for financial accounting and providing timely and accurate financial information to the management team, shareholders and regulatory authorities.

The Treasury Department takes the leading role in the liquidity risk management and manages assets and liabilities, capital, financing and cash flow of the Company, ensuring the liquidity of the Company, the compliance with the regulatory and risk management requirements and the efficient allocation of the Company's financial resources through various management measures, including assets and liabilities allocation, FTP and monitoring, financing management, daily fund allocation and cash management, etc.

The IT Department is responsible for the IT system and transactions and the security of customer data, maintain computer facilities and enhance the IT infrastructure so as to perform risk management functions for our national and overseas operations.

The Human Resources Department is responsible for providing staff and professional advice at the organizational level in respect of the processes designed for all business and functional departments, assisting in formulating the corresponding rules and organizing employee training so as to regulate employee behavior, reduce the human resources loss risk and operational risk.

The Fourth Level: Business Departments and Branches

During our daily business operations, all staff involved in business operations in our business departments and branches are required to perform risk management functions, including (i) complying with risk management policies and procedures in daily business operations; (ii) actively managing risks and ensuring risk exposures are maintained within limits; and (iii) communicating effectively with risk management departments.

Risk to our Company's Business Activities and Management Measures

Risks related to business activities of the Company mainly include market risk, credit risk, liquidity risk, operational risk, compliance risk and legal risk, etc. The Company proactively responded to risks through effective risk management measures, which generally prevented the occurrence of significant risk events and ensured the stable development of the business operation of the Company. During the Reporting Period, the business of the Company operated steadily and all risks were managed within a controllable and at a tolerable level.

Market Risk

Market risk refers to risks of changes in the fair value of financial assets held by the Company resulting from the fluctuations in equity prices, interest rates, credit spreads, exchange rates and commodity prices, etc.

The Company has adopted the following measures to manage market risk:

➢ Business departments of the Company, as parties performing market risk management duties and the first line of defense, dynamically manage market risk of exposures by way of diversifying risk exposures, controlling the size of positions and utilizing hedging instruments;

➢ The Risk Management Department independently assesses, monitors and manages the overall market risk of the Company with following measures.

- The Company measures market risk mainly by means of Value at Risk (VaR) analysis, stress tests and sensitivity analysis, etc. VaR is a major tool for the Company to measure and monitor market risk. VaR measures the potential maximum loss to an asset portfolio by changes in market risk factors at a certain confidence level within a certain holding period. The Company computes the single day VaR at a confidence level of 95% by adopting a historical simulation method based on three years of historical data and examines the effectiveness of the model through the method of back testing on a regular basis. Meanwhile, the Company adopts stress test to complement the VaR analysis and measures whether the investment loss of the Company is within the scope of the risk tolerance when market risk factors such as equity price, interest rate, credit spread, exchange rate and commodity price undergo extreme changes. In addition, in respect of sensitivity factors of different assets, the Company measures the impact of changes in specific factors on the value of assets by calculating the corresponding sensitivity indicators.

- The Company has formulated a risk limit indicator framework. Risk limit is a means for controlling risks and also represents the risk appetite and risk tolerance of the Company. The Company sets appropriate market risk limits based on the business nature, such as notional limit, VaR limit, concentration limit, sensitivity limit and stop-loss limit, etc.

- The Company monitors risk limit usage in real time or on a daily basis. The Risk Management Department prepares daily risk reports to monitor the usage of limits and submit them to the senior management and business departments. When the limit usage triggers the warning line, the Risk Management Department will issue a warning notice to business departments. Once the risk indicators exceed the limits, business departments shall report reasons of the breach and measures to be taken to the Chief Risk Officer or his authorized person and shall be responsible for reducing the risk exposure to a level within the limits in a given timeframe. If this cannot be achieved, they are required to apply to the Chief Risk Officer or his authorized person for a temporary increase in limit. If necessary, the Chief Risk Officer will submit a request to senior management.

Value at Risk (VaR)

The total VaR limit of the Company's investment portfolio is RMB56 million. At the same time, we set VaR limits for various financial instruments and the Risk Management Department computes VaRs of these financial instruments on a daily basis to ensure the daily VaRs are maintained within limits. The following tables set forth our computed VaRs by risk categories as of the dates and for the periods as indicated: 1) the daily VaRs as of the end of the respective period; 2) the averages of daily VaRs during the respective period; and 3) the highest and lowest daily VaRs during the respective period.

	As of June 30	As of December 31	2016 (As of June 30)			2015 (As of December 31)		
(RMB million)	2016	2015	Average	Highest	Lowest	Average	Highest	Lowest
Price-sensitive financial instruments(1)	7.4	11.4	7.7	17.2	2.3	7.4	13.5	3.1
Interest-rate-sensitive financial instruments(2)	19.9	18.8	22.5	26.9	15.7	14.4	21.5	7.4
Exchange-rate-sensitive financial instruments(3)	10.9	5.6	8.4	10.9	5.7	4.3	9.7	0.1
Total portfolio	**26.4**	**22.5**	**26.2**	**30.0**	**21.6**	**16.7**	**24.5**	**8.9**

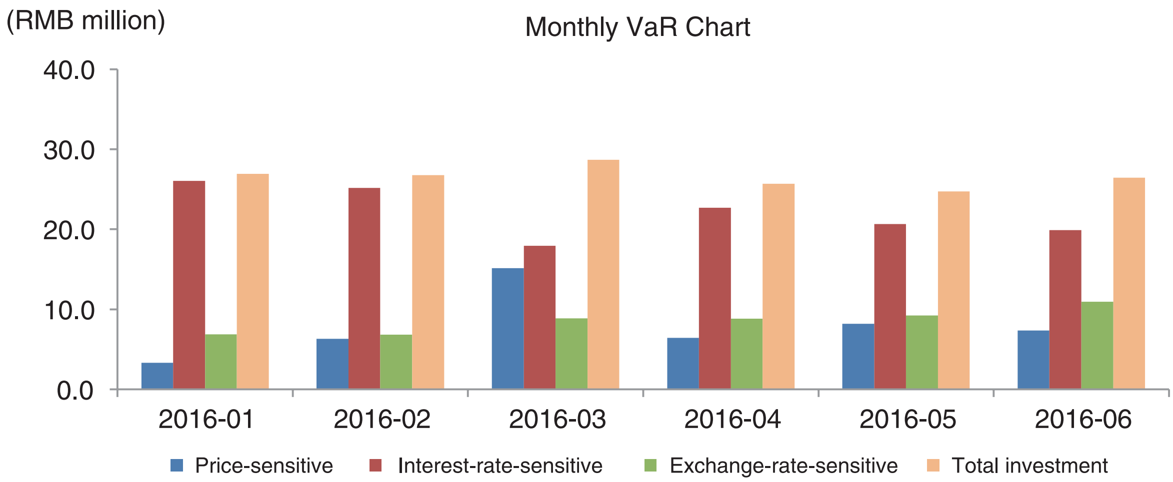
(1) including equities and the price sensitive portion of derivative products

(2) including fixed income products and the interest rate sensitive portion of derivative products

(3) including financial products subject to exchange rate changes (including derivative products)

MANAGEMENT DISCUSSION AND ANALYSIS

The chart below sets forth the VaRs by risk categories of the Group as of the end of each month of the first half of 2016.



Credit Risk

Credit risk refers to the risk resulting from defaults or deterioration in creditworthiness of counterparties, borrowers and security issuers. The exposure to credit risk of the Company arises mainly from:

➢ Direct credit risk from debt borrowers or bond issuers, default or bankruptcy, including the loss due to intermediary institutions (such as brokers or custodian banks). The risk exposure represents the total value of outstanding debts;

➢ Credit risk from a counterparty's default on the OTC derivative transactions (such as swaps or forward transactions). The risk exposure is determined by the changes in the market value of the derivatives;

➢ The settlement risk from a business partner's failure in delivery of funds or securities when the Company has fulfilled its delivery obligation.

The Company adopted the following measures to manage credit risk in our trading and investment activities:

➢ Setting up investment criteria and limits on products and issuers;

➢ Reviewing credit terms in agreements with counterparties;

➢ Monitoring our credit exposure to counterparties.

The Company has adopted the following measures to manage credit risk in our capital-based intermediary businesses, including margin financing and securities lending, stock-based lending transactions and total return swaps:

➢ Approving counterparties, and assigning credit ratings and lending limits to counterparties;

➢ Managing collaterals (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios;

➢ Establishing and implementing margin call and mandatory liquidation policy.

During the Reporting Period when bond defaults were rising, FICC collaborated with the Risk Management Department and closely identified, assessed, monitored and managed credit risk related to bond investments. As a result, the Company avoided material credit losses during the Reporting Period.

Credit Risk Exposure to Bond Investments of the Group

	As of June 30, 2016 (RMB million)		
	Position	DV01	Spread DV01
Bloomberg Comprehensive Rating (by foreign rating agencies)			
– AAA	70.8	0.06	–
– AA-to AA+	343.6	0.16	0.16
– A-to A+	2,867.4	0.76	0.81
– below A-	2,393.5	0.43	0.45
Sub-total	5,675.2	1.41	1.42
Other Comprehensive Rating (by domestic rating agencies)			
– AAA	22,175.0	3.01	2.15
– AA-to AA+	1,372.7	0.21	0.21
– A-to A+	–	–	–
– below A-	–	–	–
Sub-total	23,547.7	3.22	2.36
– Non-rated	1,676.4	0.41	0.02
Total	30,899.4	5.04	3.80

Note: 1) Non-rated financial assets mainly represent debt instruments and trading securities issued by the MOF, PBOC, and policy banks, which are creditworthy issuers in the market but are not rated by independent rating agencies.

2) The Risk Management Department uses DV01 and Spread DV01 to measure the interest rate sensitivity and credit spread sensitivity of bonds. DV01 measures the change in the value of interest rate sensitive products for each parallel movement of one basis point in a market interest rate curve. Spread DV01 measures the change in the value of credit sensitive products for each parallel movement of one basis point in the credit spread.

Margin Financing and Securities Lending Business

The table below sets forth the market value of collaterals and the collateral ratio of the margin financing and securities lending business of the Group as of the date indicated:

	As of June 30, 2016 (RMB million)
Market Value of Collaterals	12,091.3
Collateral ratio	460%

As of June 30, 2016, the collateral ratio of the margin financing and securities lending business of the Group was 460%. Assuming the market value of all securities as collaterals of our margin financing and securities lending business declines by 10% and 20% respectively, the collateral ratio of our margin financing and securities lending business as of June 30, 2016, will be 416% and 375% respectively.

Stock-based Lending Business

The table below sets out market value of collaterals and the collateral ratio of the stock-based lending business of the Group:

	As of June 30, 2016 (RMB million)
Market value of Collaterals	6,070.4
Collateral ratio	292%

Note: The collateral ratio of the stock-based lending business refers to the ratio of the total market value of the pledged collateral and its yields to the client's total amount payable to the Company.

Liquidity Risk

Liquidity risk refers to the risks arising from the Company's inability to obtain sufficient funds in a timely manner or inability to obtain sufficient funds at reasonable costs in a timely manner to respond to asset growth, settle debts due and satisfy the funding needs in conducting normal business operations.

The Company implements vertical and centralized management on liquidity risks of all domestic and overseas branches and subsidiaries. The Company has adopted the following measures to manage liquidity risk:

➢ Closely monitoring the Company's balance sheet, and managing liquidity gaps between assets and liabilities;

➢ Setting liquidity risk limits based on regulatory requirements and the Company's business situation;

➢ Conducting cash flow forecast and stress testing on liquidity coverage ratio and other liquidity risk indicators on a regular and irregular basis to analyze and assess liquidity risk exposure;

- Holding substantial high-quality liquid asset for a long term to support business needs, and establishing liquidity contingency plan for potential liquidity emergencies.

Through funding instruments such as corporate bonds, perpetual subordinated bonds, subordinated bonds, syndication loan, commercial papers, beneficiary certificates, inter-bank borrowing and REPOs, the Company constantly broadened and diversified funding channels to optimize the liability structure. The Company maintained good relationship with major commercial banks and had sufficient bank credit to meet the funding requirement for business development. In 2016, as assessed by China Chengxin Securities Rating Co., Ltd (中誠信證券評估有限公司), the credit rating of the Company was AAA and the rating outlook is stable. As assessed by Standard & Poor's, the long-term rating of the Group was BBB+, the short-term rating was A-2 and the rating outlook is negative. As assessed by Moody's, the long-term rating of the Group was Baa1, the short-term rating was P-2 and the rating outlook is negative. As assessed by Fitch, the long-term rating of the Group was BBB+, the short-term rating was F2 and the rating outlook is stable.

During the first half of 2016, the Company's overall liquidity risk management was sound, the liquidity reserve was sufficient, and the liquidity risk was under control.

During the first half of 2016, the regulatory indicator for liquidity risk management of the Company continued to comply with the regulatory requirements. As at June 30, 2016, the liquidity coverage ratio and the net stable funding ratio of the Company were 132.98% and 127.98%, respectively.

Operational Risk

Operational risk refers to the risks of losses resulting from failed or defective internal procedures or IT systems, human factors and external events.

The Company has adopted the following measures to manage operational risk:

- Establish a transparent organizational structure with a proper decision-making mechanism;
- Implement sound policies and procedures and enforcing checks and balances;
- Establishing new product approval policy to define roles and responsibilities;
- Establishing a business contingency plan to ensure business continuity in the event of sudden business disruptions.

During the Reporting Period, the Company continued to strengthen the operational risk management by enhancing IT systems and streamlining business procedures. Through developing business-related IT systems and optimizing and standardizing business procedures, the Company further improved the operation efficiency and reduced operational risk. Meanwhile, the Company continuously reinforces the firmwide culture of risk awareness and encourages all staff to proactively participate in operational risk management and to jointly control and manage risk.

Compliance Risk

Compliance risk refers to the risk of legal sanctions, regulatory actions, loss of property or damage to the Company's reputation because of the violation of laws, regulations, self-regulatory rules or our internal rules arising from the Company's operations and management activities or employee behavior.

The Company has adopted the following measures to manage compliance risk:

- Formulates and updates the Company's internal policies and procedures to keep abreast with changes in laws, regulations and industry norms;
- Conducts compliance reviews for new businesses. Our professional compliance team is responsible for examining the compliance of new businesses and providing compliance advice. Effective compliance risk management measures are introduced at an early stage of new businesses;
- Controls the circulation of sensitive information by monitoring information flows and establishing dynamic Chinese walls, with the aim to prevent risks of insider trading and conflicts of interest;
- Established a sound internal control system for anti-money laundering to fulfill our responsibilities for client identification and client risk level. We identify and analyze suspicious transactions and promptly report to the regulators where necessary;
- Undertakes compliance reviews in accordance with applicable laws, regulations, other regulatory documents, self-regulatory rules, industry norms and the Company's internal policies, to monitor the compliance of the Company's business operations and employee activities and identify and manage compliance risks in a proactive manner;
- Adopts various means to cultivate a compliance culture with each business line, functional department and branch and provide compliance training to our employees to improve their compliance awareness;
- The Company has established an accountability system in respect of employees' violations of laws, regulations and internal policies to impose applicable punishments on offenders.

Legal Risk

Legal risk refers to the possible risk of economic loss or damage to the Company's reputation resulting from breach of contracts, infringement-related disputes, litigation or other legal disputes. The Company manages, controls and prevents legal risks mainly through the following measures:

- Continuously enhances the Company's internal policies and business procedures from a legal perspective to ensure that our operations and management satisfy the requirements of applicable laws and regulations;
- Formulates templates for various business contracts and require our business departments to use the Company's in-house templates to the fullest extent. The Company also review contracts drafted or provided by counterparties prior to entering into such contracts to mitigate the legal risk associated with performing such contracts;
- The Company has internal policies on the engagement of external attorneys in the ordinary course of our business or when dealing with disputes and legal proceedings;
- The legal department of the Company is responsible for (i) the application, maintenance and protection of the Company's trademarks, (ii) protection of the Company's goodwill and trade secrets and (iii) taking actions against behavior that harms our reputation or interests;
- Conducts legal training to enhance our employees' legal awareness;
- The Company takes active measures to mitigate legal risks when disputes and litigation arise.

OTHER EVENTS

I. Interim Dividend

The Board of Directors did not recommend to pay any interim dividend for the six months ended June 30, 2016 to the shareholders of the Company.

II. Directors', Supervisors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As of the end of the Reporting Period, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director/ Supervisor/ Chief Executive	Class of shares	Nature of interest	Number of securities	Approximate percentage of shareholding in the total share capital of the Company	Approximate percentage of shareholding in the relevant class of shares
David Bonderman	H Shares	Interest of controlled corporation (Note 1)	171,749,719	7.446	11.298
Cha Mou Daid Johnson	H Shares	Beneficial owner	753,600	0.033	0.050
	H Shares	Beneficiary of a discretionary trust (Note 2)	122,559,265	5.313	8.062
Edwin Roca Lim	H Shares	Beneficial owner	356,000	0.015	0.023
Shi Jun	H Shares	Others (Note 3)	116,800	0.005	0.008
Siu Wai Keung	H Shares	Beneficial owner	100,000	0.004	0.007
Han Weiqiang	H Shares	Others (Note 4)	116,800	0.005	0.008

Notes:

(1) The interests deemed to be held by Mr. David Bonderman consists of 171,749,719 H Shares held by TPG. Each of TPG Asia GenPar V, L.P. (as general partner of TPG), TPG Asia GenPar V Advisors, Inc. (as general partner of TPG Asia GenPar V, L.P.), TPG Holdings I, L.P. (as general partner of TPG Asia GenPar V Advisors, Inc.), TPG Holdings I-A, LLC (as general partner of TPG Holdings I, L.P.), TPG Group Holdings (SBS), L.P. (as the sole member of TPG Holdings I-A, LLC and the sole member of TPG Holdings II-A, LLC), TPG Group Holdings (SBS) Advisors, Inc. (as general partner of TPG Group Holdings (SBS), L.P.), Mr. David Bonderman and Mr. James Coulter (each holds a 50% interest in TPG Group Holdings (SBS) Advisors, Inc.), as well as TPG Capital Management, L.P. (as the managing general partner of TPG), TPG Capital Advisors, LLC (as general partner of TPG Capital Management, L.P.), TPG Holdings II Sub, L.P. (as the sole member of TPG Capital Advisors, LLC), TPG Holdings II, L.P. (as general partner of TPG Holdings II Sub, L.P.), TPG Holdings II-A, LLC (as general partner of TPG Holdings II, L.P.), is deemed to be interested in the H Shares held by TPG under the SFO. Mr. Bonderman and Mr. Coulter disclaim beneficial ownership of the securities held by TPG except to the extent of their pecuniary interest therein.

(2) The interests deemed to be held by Mr. Cha Mou Daid Johnson consists of 122,559,265 H Shares held by Mingly. Mingly is held by certain, but not identical discretionary trusts as to 96.12%, of which CCM Trust (Cayman) Limited, LBJ Regents Limited and Dolios Limited are the corporate trustees, and Mr. Cha Mou Daid Johnson is among the members of the class of discretionary beneficiaries.

(3) Mr. Shi Jun held interests through asset management schemes established by Galaxy Capital Asset Management Co., Ltd.

(4) Mr. Han Weiqiang held interests through asset management schemes established by Galaxy Capital Asset Management Co., Ltd.

III. Rights of Directors to acquire shares or debentures

As of the end of the Reporting Period, none of the Directors, Supervisors or their respective spouses or minor children were granted with rights or had exercised any such rights to acquire benefits by means of acquisition of shares or debentures of the Company. Neither the Company nor any of its subsidiaries were a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children to acquire such rights from any other body corporate.

OTHER EVENTS

IV. Substantial shareholders' interests or short positions

As of the end of the Reporting Period, to the knowledge of the Company and the Directors after making reasonable inquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company as disclosed above) have interests or short positions in shares or underlying shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name of Substantial Shareholders	Class of shares	Nature of interest	Number of securities	Approximate percentage of shareholding in the total share capital of the Company	Approximate percentage of shareholding in the relevant class of shares
Huijin	Domestic Shares	Beneficial owner	656,193,871	28.448	83.433
		Interests of controlled corporation (Note 1)	2,734,800	0.119	0.348
GIC	H Shares	Beneficial owner	273, 091,435	11.839	17. 964
TPG (Note 2)	H Shares	Beneficial owner	171,749,719	7.446	11.298
KKR Institutions Investments (Note 3)	H Shares	Beneficial owner	166,747,300	7.229	10.969
I&G (Note 4)	Domestic Shares	Beneficial owner	127,562,960	5.530	16.219
Mingly (Note 5)	H Shares	Beneficial owner	122,559,265	5.313	8.062
Great Eastern (Note 6)	H Shares	Beneficial owner	83,373,650	3.614	5.484

Notes:

(1) Each of Jianyin Investment, JIC Investment and China Investment Consulting is wholly owned by Huijin. Therefore, Huijin is deemed to be interested in 2,734,800 Domestic Shares held by Jianyin Investment, JIC Investment and China Investment Consulting for the purpose of the SFO.

(2) Each of TPG Asia GenPar V, L.P. (as general partner of TPG), TPG Holdings I, L.P. (as general partner of TPG Asia GenPar V Advisors, Inc.), TPG Holdings I-A, LLC (as general partner of TPG Holdings I, L.P.), TPG Group Holdings (SBS), L.P. (as the sole member of TPG Holdings I-A, LLC and the sole member of TPG Holdings II-A, LLC), TPG Group Holdings (SBS) Advisors, Inc. (as general partner of TPG Group Holdings (SBS), L.P.), Mr. David Bonderman and Mr. James Coulter (each holds a 50% interest in TPG Group Holdings (SBS) Advisors, Inc.), as well as TPG Capital Management, L.P. (as the managing general partner of TPG), TPG Capital Advisors, LLC (as general partner of TPG Capital Management, L.P.), TPG Holdings II Sub, L.P. (as the sole member of TPG Capital Advisors, LLC), TPG Holdings II, L.P. (as general partner of TPG Holdings II Sub, L.P.), TPG Holdings II-A, LLC (as general partner of TPG Holdings II, L.P.), is deemed to be interested in the H Shares held by TPG under the SFO. Mr. Bonderman and Mr. Coulter disclaim beneficial ownership of the H Shares held by TPG except to the extent of their pecuniary interest therein.

(3) Each of KKR Associates Asia L.P. (as general partner of KKR Institutions Investments), KKR Associates Millennium L.P. (as general partner of KKR Institutions Investments), KKR Millennium GP LLC (as general partner of KKR Associates Millennium L.P.), KKR Asia Limited (Cayman Islands) (as general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole shareholder of KKR Asia Limited (Cayman Islands)), KKR Fund Holdings GP Limited (as general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in the H Shares held by KKR Institutions Investments under the SFO. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the H Shares held by KKR Institutions Investments.

(4) State Development & Investment Corporation (國家開發投資公司), a PRC state-owned enterprise, holds approximately 47.20% shares of I&G and is therefore deemed to be interested in the Domestic Shares held by I&G under the SFO.

(5) Mingly is held by certain, but not identical discretionary trusts as to 96.12%, of which CCM Trust (Cayman) Limited, LBJ Regents Limited and Dolios Limited are the corporate trustees and members of the classes of discretionary beneficiaries comprise the late Dr. Cha Chi Ming's issue.

(6) Oversea-Chinese Banking Corporation Limited holds 87.60% equity interest of Great Eastern Holdings Limited, which in turn holds 100% equity interest of Great Eastern. Each of Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are therefore deemed to be interested in the H Shares held by Great Eastern under the SFO.

V. Purchase, sale or redemption of securities of the Company

During the end of the Reporting Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's securities.

VI. Compliance with the Corporate Governance Code

During the Reporting Period, the Company strictly complied with the Corporate Governance Code, followed all code provisions and met the requirements of part of the recommended best practices set out in the Corporate Governance Code.

VII. Compliance with the Model Code for Securities Transactions

The Company has adopted a code of conduct regarding directors' and supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions. The Company has made specific enquiries to all Directors and Supervisors concerning the compliance with the Model Code. All Directors and Supervisors confirmed that they have strictly observed all standards set out in the Company's code of conduct regarding directors' and supervisors' securities transactions during the Reporting Period.

VIII. Audit

The 2016 interim report of the Company is unaudited. The Audit Committee of the Company has reviewed the unaudited interim report of the Company for the six months ended June 30, 2016, and did not raise any objection to the accounting policy and practices which were adopted by the Company. The external auditor of the Company has reviewed the 2016 interim report of the Company in accordance with Hong Kong Standard on Review Engagements 2410.

IX. Material litigation and arbitration

During the Reporting Period, the Group did not have any material litigation or arbitration.

OTHER EVENTS

X. Change in Directors and Supervisors during the Reporting Period

(A) Change in Directors

During the Reporting Period, Mr. Cao Tong resigned from his position as an independent non-executive Director, a member of the Remuneration Committee, the chairman of the Nomination and Corporate Governance Committee and a member of the Audit Committee under the Board of Directors due to personal work arrangements, with effect from June 8, 2016. In order to ensure a sound governance structure of the Company, the shareholders' general meeting and the Board of Directors considered and approved to elect Mr. Liu Li as an independent non-executive Director, with effect from June 8, 2016.

The aforesaid details in the change were disclosed in the announcements and the circular dated March 29, 2016, April 22, 2016 and June 8, 2016 as published by the Company in respect of the change in Director.

(B) Change of Composition of Board Committees

The Board of Directors has made certain adjustments to the composition of the Board committees in accordance with the relevant laws and regulations and the Articles of Association, with effect from June 8, 2016:

1. Mr. Liu Li has been appointed as the chairman of the Nomination and Corporate Governance Committee and members of the Audit Committee and the Risk Management Committee; and

2. Mr. Ben Shenglin has been appointed as a member of the Remuneration Committee and ceased to be a member of the Audit Committee.

The aforesaid details in the change was disclosed in the announcement dated June 8, 2016 as published by the Company in respect of the change of composition of Board committees.

(C) Change in biographies of Director and Supervisor

Mr. Shi Jun (石軍先生), a director, became the president of I&G since April 2016, and he is responsible for the overall management work. His biography after amendment is as follows:

Mr. Shi Jun (石軍), aged 43, has been appointed as a Director of the Company since December 2013. He held several positions in I&G, one of the shareholders of the Company, including a deputy general manager of the department of market development (II), general manager of department of financial products, principal of the center of financial products and general manager of the department of general financial products, the executive president and in charge of the investment, wealth management and internet finance businesses since July 1996. Mr. Shi currently serves as the president of I&G since April 2016, and he is responsible for the overall management work. Mr. Shi has been admitted as a lawyer of the PRC since April 2001 and has been qualified as a CFA charter holder of the CFA Institute since September 2007. Mr. Shi obtained a bachelor's degree in economics specializing in insurance from Shanghai University of Finance and Economics (上海財經大學) in June 1996 and a master of business administration degree from Tsinghua University (清華大學) in January 2011. He also completed the executive master of business administration program and obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

The biographies of other Directors and Supervisors were disclosed in the 2015 annual report dated April 22, 2016 as published by the Company.

Review Report of the Independent Auditors

Review report to the board of directors of
CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 51 to 109 which comprises the condensed consolidated statement of financial position of China International Capital Corporation Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report at 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2016

Condensed consolidated statement of profit or loss and other comprehensive income - unaudited

for the six months ended 30 June 2016

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Note	Six months ended 30 June 2016	2015
Revenue			
Fee and commission income	6	**2,107,090,481**	3,118,850,559
Interest income	7	**455,266,289**	419,114,201
Investment income	8	**606,370,312**	1,313,699,163
Total revenue		**3,168,727,082**	4,851,663,923
Other income	9	**52,081,617**	29,374,738
Total revenue and other income		**3,220,808,699**	4,881,038,661
Fee and commission expenses	10	**134,907,614**	147,973,874
Interest expenses	11	**628,495,629**	510,111,806
Staff costs	12	**1,150,388,084**	2,108,939,729
Depreciation and amortization expenses		**31,936,478**	23,546,818
Business tax and surcharges		**85,032,612**	196,711,945
Other operating expenses	13	**476,941,382**	425,559,780
Reversal of impairment losses	14	**(512,641)**	(8,072,634)
Total expenses		**2,507,189,158**	3,404,771,318
Operating profit		**713,619,541**	1,476,267,343
Share of profits of associates and joint ventures		**25,733,653**	36,159,406
Profit before income tax		**739,353,194**	1,512,426,749
Less: Income tax	15	**164,458,625**	376,281,214
Profit for the period		**574,894,569**	1,136,145,535
Attributable to:			
Shareholders/equity holders of the Company and holders of other equity instruments	16	**574,877,398**	1,136,145,535
Non-controlling interests		**17,171**	—
Basic and diluted earnings per share(in RMB per share)	16	**0.24**	0.68

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated statement of profit or loss and other comprehensive income - unaudited

for the six months ended 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Note	Six months ended 30 June 2016	2015
Profit for the period		**574,894,569**	1,136,145,535
Other comprehensive income for the period			
Items that may be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		**18,879,929**	59,454,799
Income tax effect		**(4,498,766)**	726,320
Reclassified to profit or loss as investment income		**(2,731,675)**	(27,531,341)
Exchange differences on translation of financial statements of overseas subsidiaries		**66,337,402**	(1,897,976)
Total other comprehensive income for the period, net of tax		**77,986,890**	30,751,802
Total comprehensive income for the period		**652,881,459**	1,166,897,337
Attributable to:			
Shareholders/equity holders of the Company and holders of other equity instruments		**652,864,288**	1,166,897,337
Non-controlling interests		**17,171**	—

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated statement of financial position - unaudited

at 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Note	At 30 June 2016	At 31 December 2015
Non-current assets			
Property and equipment	17	**183,937,363**	166,368,921
Intangible assets	18	**962,068**	1,410,550
Interest in associates and joint ventures		**486,709,379**	452,647,843
Available-for-sale financial assets	19	**675,829,713**	581,340,923
Refundable deposits	20	**804,184,708**	517,873,149
Deferred tax assets	21	**428,194,938**	680,324,436
Other non-current assets		**65,360,646**	59,654,549
Total non-current assets		**2,645,178,815**	2,459,620,371
Current assets			
Accounts receivable	22	**5,759,950,351**	6,673,871,943
Receivable from margin clients	23	**2,547,119,336**	3,296,432,047
Available-for-sale financial assets	19	**858,759,196**	618,025,166
Financial assets at fair value through profit or loss	24	**57,034,618,669**	45,459,259,668
Derivative financial assets	25	**2,085,671,243**	736,244,468
Financial assets held under resale agreements ("reverse REPOs")	26	**3,263,174,112**	1,556,613,621
Interest receivable		**593,979,163**	478,508,038
Cash held on behalf of brokerage clients	27	**20,523,945,792**	24,301,353,512
Cash and bank balances	28	**12,186,769,410**	8,434,085,678
Other current assets		**73,167,977**	94,742,209
Total current assets		**104,927,155,249**	91,649,136,350
Total assets		**107,572,334,064**	94,108,756,721

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated statement of financial position - unaudited

at 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Note	At 30 June 2016	At 31 December 2015
Current liabilities			
Financial liabilities at fair value through profit or loss	30	**9,340,828,311**	5,584,316,162
Derivative financial liabilities	25	**1,430,831,595**	1,071,011,928
Accounts payable to brokerage clients	31	**21,439,355,519**	25,218,051,446
Placements from financial institutions	32	**6,439,592,000**	1,636,815,800
Short-term debt securities issued	33	**4,919,200,877**	1,700,000,000
Financial assets sold under repurchase agreements ("REPOs")	34	**15,920,045,282**	14,013,713,250
Employee benefits payable		**1,310,594,049**	3,013,948,204
Income tax payable		**101,601,080**	625,831,436
Long-term debt securities issued due within one year	35	**3,000,000,000**	—
Other current liabilities		**20,731,013,725**	16,391,938,868
Total current liabilities		**84,633,062,438**	69,255,627,094
Net current assets		**20,294,092,811**	22,393,509,256
Total assets less current liabilities		**22,939,271,626**	24,853,129,627
Non-current liabilities			
Non-current employee benefits payable		**522,722,617**	671,839,359
Placements from financial institutions	32	**—**	1,623,400,000
Long-term debt securities issued	35	**5,292,601,160**	6,071,444,000
Deferred tax liabilities	21	**43,156,434**	31,685,238
Other non-current liabilities		**12,909,022**	12,760,096
Total non-current liabilities		**5,871,389,233**	8,411,128,693
Net assets		**17,067,882,393**	16,442,000,934
Equity			
Share capital	36	**2,306,669,000**	2,306,669,000
Other equity instruments	37	**1,000,000,000**	1,000,000,000
Reserves	36	**9,163,420,425**	9,084,877,604
Retained profits		**4,567,775,797**	4,050,454,330
Total equity attributable to shareholders of the Company and holders of other equity instruments		**17,037,865,222**	16,442,000,934
Non-controlling interests		**30,017,171**	—
Total equity		**17,067,882,393**	16,442,000,934

Approved and authorized for issue by the board of directors on 26 August 2016.

Bi Mingjian
Chief Executive Officer

Xin Jie
Chief Financial Officer

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated statement of changes in equity - unaudited

for the six months ended 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company and holders of other equity instruments										
			Reserves								
	Share capital (Note 36(a))	Other equity instruments (Note 37)	Capital reserve (Note 36(b))	Surplus reserve (Note 36(b))	General Reserve (Note 36(b))	Investment revaluation reserve (Note 36(b))	Foreign currency translation reserve (Note 36(b))	Retained profits	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	2,306,669,000	1,000,000,000	7,705,668,325	152,845,657	1,453,076,638	71,500,530	(298,213,546)	4,050,454,330	16,442,000,934	–	16,442,000,934
Changes in equity for the six months ended 30 June 2016											
Profit for the period	–	–	–	–	–	–	–	574,877,398	574,877,398	17,171	574,894,569
Other comprehensive income for the period	–	–	–	–	–	11,649,488	66,337,402	–	77,986,890	–	77,986,890
Total comprehensive income for the period	–	–	–	–	–	11,649,488	66,337,402	574,877,398	652,864,288	17,171	652,881,459
Appropriation to general reserve	–	–	–	–	555,931	–	–	(555,931)	–	–	–
Distributions to holders of perpetual subordinated bonds	–	–	–	–	–	–	–	(57,000,000)	(57,000,000)	–	(57,000,000)
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	30,000,000	30,000,000
Balance at 30 June 2016	2,306,669,000	1,000,000,000	7,705,668,325	152,845,657	1,453,632,569	83,150,018	(231,876,144)	4,567,775,797	17,037,865,222	30,017,171	17,067,882,393

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated statement of changes in equity - unaudited

for the six months ended 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Attributable to shareholders/equity holders of the Company and holders of other equity instruments										
			Reserves								
	Share capital/ Paid-in capital (Note 36(a))	Other equity instruments (Note 37)	Capital reserve (Note 36(b))	Surplus reserve (Note 36(b))	General Reserve (Note 36(b))	Investment revaluation reserve (Note 36(b))	Foreign currency translation reserve (Note 36(b))	Retained profits	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	1,667,473,000	–	26,474,648	473,400,427	1,142,350,315	24,230,151	(447,739,012)	5,106,056,187	7,992,245,716	–	7,992,245,716
Changes in equity for the six months ended 30 June 2015											
Profit for the period	–	–	–	–	–	–	–	1,136,145,535	1,136,145,535	–	1,136,145,535
Other comprehensive income for the period	–	–	–	–	–	32,649,778	(1,897,976)	–	30,751,802	–	30,751,802
Total comprehensive income for the period	–	–	–	–	–	32,649,778	(1,897,976)	1,136,145,535	1,166,897,337	–	1,166,897,337
Appropriation to general reserve	–	–	–	–	373,046	–	–	(373,046)	–	–	–
Issuance of perpetual subordinated bonds	–	1,000,000,000	–	–	–	–	–	–	1,000,000,000	–	1,000,000,000
Conversion to joint stock company with limited liability	–	–	3,020,721,641	(473,400,427)	–	(2,641,374)	–	(2,544,679,840)	–	–	–
Others	–	–	(2,641,374)	–	–	–	–	–	(2,641,374)	–	(2,641,374)
Balance at 30 June 2015 and 1 July 2015	1,667,473,000	1,000,000,000	3,044,554,915	–	1,142,723,361	54,238,555	(449,636,988)	3,697,148,836	10,156,501,679	–	10,156,501,679
Changes in equity for the six months ended 31 December 2015											
Profit for the period	–	–	–	–	–	–	–	816,504,428	816,504,428	–	816,504,428
Other comprehensive income for the period	–	–	–	–	–	17,261,975	151,423,442	–	168,685,417	–	168,685,417
Total comprehensive income for the period	–	–	–	–	–	17,261,975	151,423,442	816,504,428	985,189,845	–	985,189,845
Appropriation to surplus reserve	–	–	–	152,845,657	–	–	–	(152,845,657)	–	–	–
Appropriation to general reserve	–	–	–	–	310,353,277	–	–	(310,353,277)	–	–	–
Issuance of H shares	639,196,000	–	4,661,113,410	–	–	–	–	–	5,300,309,410	–	5,300,309,410
Balance at 31 December 2015	2,306,669,000	1,000,000,000	7,705,668,325	152,845,657	1,453,076,638	71,500,530	(298,213,546)	4,050,454,330	16,442,000,934	–	16,442,000,934

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated cash flow statement - unaudited

for the six months ended 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Six months ended 30 June	
	2016	2015
Cash flows from operating activities:		
Profit before income tax	**739,353,194**	1,512,426,749
Adjustments for:		
Interest expense on debt securities issued and other financing expenses	**272,393,180**	188,108,067
Depreciation and amortization expenses	**31,936,478**	23,546,818
Reversal of impairment losses	**(512,641)**	(8,072,634)
Net losses on disposal of property, equipment and other assets	**3,540,716**	2,917,821
Fair value losses/(gains) on financial instruments at fair value through profit or loss	**6,841,045**	(190,506,924)
Foreign exchange losses	**7,089,516**	120,875
Net gains on disposal of investments in financial assets	**(6,874,141)**	(2,924,093)
Dividend income from available-for-sale financial assets, and share of profit of associates and joint ventures	**(43,462,022)**	(49,035,609)
Operating cash flows before movements in working capital	**1,010,305,325**	1,476,581,070
Decrease/(increase) in receivables from margin clients	**749,312,711**	(3,742,701,521)
Decrease/(increase) in accounts receivables, other receivables and prepayments	**563,779,007**	(812,502,304)
(Increase)/decrease in reverse REPOs	**(1,454,359,505)**	230,934,657
Increase in financial instruments at fair value through profit or loss	**(10,041,914,061)**	(7,476,011,829)
Decrease in available-for-sale financial assets	**—**	16,253,848
Decrease/(increase) in cash held on behalf of brokerage clients	**3,777,407,720**	(25,234,529,207)
Increase in restricted bank deposits	**(384,858,732)**	(17,576,034)
Increase in refundable deposits	**(257,683,221)**	(208,199,413)
(Decrease)/increase in accounts payables to brokerage clients	**(3,778,695,927)**	27,750,632,750
Increase in REPOs	**2,766,332,032**	1,549,359,487
Increase in other liabilities	**7,238,242,830**	4,410,494,094
Cash generated from/(used in) operating activities, before tax	**187,868,179**	(2,057,264,402)
Income taxes paid	**(428,023,719)**	(207,184,883)
Net cash used in operating activities	**(240,155,540)**	(2,264,449,285)

The notes on pages 59 to 109 form part of this interim financial report.

Condensed consolidated cash flow statement - unaudited

for the six months ended 30 June 2016

(Expressed in RMB, unless otherwise stated)

	Note	Six months ended 30 June 2016	2015
Cash flows from investing activities:			
Proceeds from sale of investments		**306,000,000**	—
Net gains on disposal of available-for-sale financial assets		**6,905,230**	—
Dividends received		**17,728,369**	15,705,259
Proceeds from disposal of property and equipment		**76,030**	331,740
Payment for acquisition of investments		**(327,433,537)**	(111,468,450)
Payment for the purchase of property, equipment and other long-term assets		**(63,678,385)**	(21,877,139)
Net cash used in investing activities		**(60,402,293)**	(117,308,590)
Cash flows from financing activities:			
Cash received from beneficiary certificates issued		**4,619,200,877**	1,570,000,000
Cash received from medium-term notes issued		**3,315,600,000**	—
Capital contribution from non-controlling interests		**30,000,000**	—
Cash received from short-term commercial papers issued		**—**	3,300,000,000
Cash received from subordinated bonds issued		**—**	2,000,000,000
Cash received from other equity instruments issued		**—**	1,000,000,000
Repayment of syndication loan		**(1,623,400,000)**	—
Repayment of beneficiary certificates		**(1,400,000,000)**	(200,000,000)
Repayment of notes issued		**(1,094,148,000)**	—
Repayment of short-term commercial papers		**—**	(2,500,000,000)
Cash paid for interest		**(177,652,972)**	(68,405,115)
Distribution paid to holders of other equity instruments		**(57,000,000)**	—
Cash paid relating to other financing activities		**(26,168,957)**	(3,567,791)
Net cash generated from financing activities		**3,586,430,948**	5,098,027,094
Net increase in cash and cash equivalents		**3,285,873,115**	2,716,269,219
Cash and cash equivalents at the beginning of the period		**7,992,199,885**	3,351,782,566
Effect of changes in foreign exchange rate		**81,951,885**	(2,908,925)
Cash and cash equivalents at the end of the period	29	**11,360,024,885**	6,065,142,860
Net cash generated from operating activities including:			
Interest received		**944,964,453**	412,673,398
Interest paid		**(373,370,899)**	(303,723,957)

The notes on pages 59 to 109 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB, unless otherwise stated)

1 GENERAL INFORMATION

China International Capital Corporation Limited (中國國際金融有限公司) (the "Company") was established on 31 July 1995 in the People's Republic of China ("PRC") as approved by the People's Bank of China ("PBOC").

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong on 9 November 2015.

The registered address of the Company is the 27th and 28th Floor, China World Trade Center 2, 1 Jian Guo Men Wai Avenue, Beijing.

The Company and its subsidiaries (the "Group") principally engaged in investment banking business, equities business, fixed-income, currency and commodity ("FICC") business, wealth management business, investment management business and other business activities.

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. It was authorized for issue on 26 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012-2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to IFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, *Interim Financial Reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

(Expressed in RMB, unless otherwise stated)

5 TAXATION

(a) Business tax and surcharges

Services provided by the Company and its domestic subsidiaries are subject to business tax before 1 May 2016. The business tax rate applicable to the Company and its domestic subsidiaries is 5%. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of business tax respectively.

(b) Value-added tax ("VAT") and surcharges

The advisory and consulting services provided by the Company are subject to VAT since 1 December 2015. All remaining services provided by the Company and its domestic subsidiaries are subject to VAT since 1 May 2016. The applicable tax rate is 6%. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT respectively.

(c) Income tax

The income tax rate applicable to the Company and its domestic subsidiaries is 25%.

The income tax rate applicable to the subsidiaries in Hong Kong is 16.5%. Taxes of other overseas subsidiaries are charged at the relevant local rates.

6 FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2016	2015
Brokerage commission income	**833,546,092**	1,514,557,834
Underwriting and sponsoring fees	**746,956,811**	968,811,344
Asset management fees	**304,072,110**	361,304,534
Financial advisory fees	**163,243,811**	194,355,238
Investment advisory fees	**59,271,657**	79,821,609
Total	**2,107,090,481**	3,118,850,559

(Expressed in RMB, unless otherwise stated)

7 INTEREST INCOME

	Six months ended 30 June	
	2016	2015
Interest income from financial institutions	**268,343,888**	158,367,023
Interest income from margin financing and securities lending	**129,919,205**	220,838,330
Interest income from reverse REPOs	**56,814,530**	39,815,028
Others	**188,666**	93,820
Total interest income on financial assets not at fair value through profit or loss	**455,266,289**	419,114,201

8 INVESTMENT INCOME

	Six months ended 30 June	
	2016	2015
Net gains from disposal of available-for-sale financial assets	**2,731,675**	14,655,138
Dividend income from available-for-sale financial assets	**17,729,666**	12,876,203
Net (losses)/gains from financial instruments at fair value through profit or loss	**(2,571,626)**	3,486,598,687
Net gains/(losses) from derivative financial instruments	**588,480,597**	(2,200,430,865)
Total	**606,370,312**	1,313,699,163

9 OTHER INCOME

	Six months ended 30 June	
	2016	2015
Tax refunds	**3,302,420**	1,508,143
Government grants	**26,103,709**	24,368,714
Others	**22,675,488**	3,497,881
Total	**52,081,617**	29,374,738

The government grants were received by the Company and its subsidiaries from the local government where they reside with no condition attached.

(Expressed in RMB, unless otherwise stated)

10 FEE AND COMMISSION EXPENSES

	Six months ended 30 June	
	2016	2015
Brokerage expenses	**91,321,418**	129,647,743
Underwriting and sponsoring expenses	**22,095,930**	18,326,131
Asset management expenses	**21,490,266**	—
Total	**134,907,614**	147,973,874

11 INTEREST EXPENSES

	Six months ended 30 June	
	2016	2015
Interest expenses of accounts payable to brokerage clients	**67,382,275**	49,368,635
Interest expenses on short-term commercial papers issued	**34,425,528**	39,795,189
Interest expenses on beneficiary certificates	**36,905,251**	15,185,315
Interest expenses on REPOs	**211,961,088**	201,423,993
Interest expenses on syndication loan	**23,088,743**	—
Interest expenses on other placements from financial institutions	**61,761,729**	66,497,122
Interest expenses on notes payable	**34,242,435**	32,245,069
Interest expenses on subordinated bonds	**141,864,361**	98,753,425
Others	**16,864,219**	6,843,058
Total interest expense on financial liabilities not at fair value through profit or loss	**628,495,629**	510,111,806

12 STAFF COSTS

	Six months ended 30 June	
	2016	2015
Salaries, bonus and allowance	**1,033,163,176**	2,020,369,839
Retirement scheme contributions	**44,465,729**	33,348,450
Other social welfare	**41,894,809**	31,581,297
Other benefits	**30,864,370**	23,640,143
Total	**1,150,388,084**	2,108,939,729

(Expressed in RMB, unless otherwise stated)

12 STAFF COSTS (continued)

The Group is required to participate in pension schemes in the PRC, Hong Kong and other jurisdictions whereby the Group is required to pay annual contributions for its employees at certain rates of the wages of employees. The Group has no other material obligations for payment of retirement benefits to its employees beyond the annual contributions described above.

13 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2016	2015
Operating lease charges in respect of property and equipment	**125,679,696**	112,072,474
Business development expenses	**110,821,735**	117,603,906
Travelling and transportation expenses	**68,432,825**	41,155,355
Information technology related expenses	**53,065,686**	46,164,685
Professional service fees	**46,507,330**	40,741,434
Utilities and maintenance	**18,980,009**	18,747,357
Securities Investor Protection Fund	**8,990,068**	15,744,386
Auditors' remuneration	**2,000,000**	3,800,000
Others	**42,464,033**	29,530,183
Total	**476,941,382**	425,559,780

14 REVERSAL OF IMPAIRMENT LOSSES

	Six months ended 30 June	
	2016	2015
Reversal of impairment losses against accounts receivable	**(2,835,087)**	(8,072,634)
Reversal of impairment losses against receivable from margin clients	**(1,682,904)**	—
Provision for impairment losses against reverse REPOs	**4,005,350**	—
Total	**(512,641)**	(8,072,634)

(Expressed in RMB, unless otherwise stated)

15 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2016	2015
Current tax		
– PRC income tax	**(102,997,890)**	228,028,241
– Hong Kong profits tax	**7,054,934**	23,624,422
Subtotal	**(95,942,956)**	251,652,663
Deferred tax		
Origination and reversal of temporary differences	**260,401,581**	124,628,551
Total	**164,458,625**	376,281,214

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China (for the purpose of this report, Mainland China excludes Hong Kong, Macau and Taiwan) during the period. Taxes on profits assessable outside Mainland China have been calculated at the applicable rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices. A reconciliation of income tax expenses calculated by applying the PRC statutory income tax rate to profit before income tax to the income tax expense in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2016	2015
Profit before income tax	**739,353,194**	1,512,426,749
Income tax calculated at the PRC statutory income tax rate	**184,838,299**	378,106,687
Non-deductible expenses	**10,390,197**	12,644,221
Non-taxable interest income	**(27,797,951)**	(7,123,432)
Effect of different applicable tax rates of the subsidiaries	**(21,860,703)**	(33,920,905)
Tax effect of unused tax losses not recognized	**19,322,753**	27,948,121
Utilization of previously unrecognized tax losses	**(963,838)**	(6,231,523)
Others	**529,868**	4,858,045
Total income tax expense	**164,458,625**	376,281,214

(Expressed in RMB, unless otherwise stated)

16 BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2016	2015
Profit attributable to shareholders/equity holders of the Company and holders of other equity instruments	**574,877,398**	1,136,145,535
Accumulated interest for holders of perpetual subordinated bonds for the period	**(28,344,262)**	(5,153,425)
Subtotal	**546,533,136**	1,130,992,110
Weighted average number of ordinary shares in issue	**2,306,669,000**	1,667,473,000
Basic earnings per share (in RMB per share)	**0.24**	0.68

There were no dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015, and therefore, diluted earnings per share are the same as the basic earnings per share.

17 PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost						
At 1 January 2016	4,294,530	585,294,403	47,850,560	1,366,588	458,001,732	1,096,807,813
Additions	—	37,984,783	5,652,575	—	9,291,493	52,928,851
Disposal	—	(34,990,237)	(538,243)	(556,000)	(325,940)	(36,410,420)
Effect of changes in foreign exchange rate	—	947,149	5,629	—	1,023,509	1,976,287
At 30 June 2016	4,294,530	589,236,098	52,970,521	810,588	467,990,794	1,115,302,531
Accumulated depreciation						
At 1 January 2016	(868,222)	(471,865,598)	(42,781,533)	(1,028,889)	(413,894,650)	(930,438,892)
Additions	(186,411)	(20,621,446)	(1,237,251)	(75,390)	(9,359,053)	(31,479,551)
Disposals	—	31,482,494	484,840	500,400	325,940	32,793,674
Effect of changes in foreign exchange rate	—	(690,515)	(9,457)	—	(1,540,427)	(2,240,399)
At 30 June 2016	(1,054,633)	(461,695,065)	(43,543,401)	(603,879)	(424,468,190)	(931,365,168)
Carrying amount						
At 30 June 2016	3,239,897	127,541,033	9,427,120	206,709	43,522,604	183,937,363
At 31 December 2015	3,426,308	113,428,805	5,069,027	337,699	44,107,082	166,368,921

(Expressed in RMB, unless otherwise stated)

17 PROPERTY AND EQUIPMENT (continued)

	Land and buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost						
At 1 January 2015	—	555,797,490	46,264,853	1,366,588	449,540,286	1,052,969,217
Acquisitions	4,294,530	13,424,558	21,846	—	2,138,086	19,879,020
Additions	—	49,937,043	2,171,988	—	21,293,057	73,402,088
Disposal	—	(38,508,146)	(1,140,719)	—	(18,343,012)	(57,991,877)
Effect of changes in foreign exchange rate	—	4,643,458	532,592	—	3,373,315	8,549,365
At 31 December 2015	4,294,530	585,294,403	47,850,560	1,366,588	458,001,732	1,096,807,813
Accumulated depreciation						
At 1 January 2015	—	(464,184,162)	(42,245,203)	(878,109)	(410,472,778)	(917,780,252)
Acquisitions	(712,880)	(6,654,264)	(17,315)	—	(336,125)	(7,720,584)
Additions	(155,342)	(31,481,312)	(623,156)	(150,780)	(17,415,990)	(49,826,580)
Disposals	—	34,462,923	637,812	—	17,419,491	52,520,226
Effect of changes in foreign exchange rate	—	(4,008,783)	(533,671)	—	(3,089,248)	(7,631,702)
At 31 December 2015	(868,222)	(471,865,598)	(42,781,533)	(1,028,889)	(413,894,650)	(930,438,892)
Carrying amount						
At 31 December 2015	3,426,308	113,428,805	5,069,027	337,699	44,107,082	166,368,921
At 31 December 2014	—	91,613,328	4,019,650	488,479	39,067,508	135,188,965

(Expressed in RMB, unless otherwise stated)

18 INTANGIBLE ASSETS

	Securities trading seat rights	Others	Total
Cost			
At 1 January 2016	41,268,843	911,170	42,180,013
Effect of changes in foreign exchange rate	—	8,445	8,445
At 30 June 2016	41,268,843	919,615	42,188,458
Accumulated amortization			
At 1 January 2016	(40,295,799)	(473,664)	(40,769,463)
Additions	(452,667)	(4,260)	(456,927)
At 30 June 2016	(40,748,466)	(477,924)	(41,226,390)
Carrying amount			
At 30 June 2016	520,377	441,691	962,068
At 31 December 2015	973,044	437,506	1,410,550

	Securities trading seat rights	Others	Total
Cost			
At 1 January 2015	41,268,843	886,715	42,155,558
Effect of changes in foreign exchange rate	—	24,455	24,455
At 31 December 2015	41,268,843	911,170	42,180,013
Accumulated amortization			
At 1 January 2015	(39,085,799)	(428,965)	(39,514,764)
Additions	(1,210,000)	(44,699)	(1,254,699)
At 31 December 2015	(40,295,799)	(473,664)	(40,769,463)
Carrying amount			
At 31 December 2015	973,044	437,506	1,410,550
At 31 December 2014	2,183,044	457,750	2,640,794

(Expressed in RMB, unless otherwise stated)

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current	At 30 June 2016	At 31 December 2015
At fair value		
– Equity investments	**675,829,713**	581,340,923
Analyzed into:		
Unlisted	**675,829,713**	581,340,923

Current	At 30 June 2016	At 31 December 2015
At fair value		
– Equity investments	**848,350,406**	617,536,584
– Funds and other investments	**10,408,790**	488,582
Total	**858,759,196**	618,025,166
Analyzed into:		
Listed, outside Hong Kong	**16,762,696**	20,621,166
Unlisted	**841,996,500**	597,404,000
Total	**858,759,196**	618,025,166

20 REFUNDABLE DEPOSITS

	At 30 June 2016	At 31 December 2015
Self-owned refundable deposits	**738,930,653**	460,331,605
Refundable deposits held on behalf of clients	**65,254,055**	57,541,544
Total	**804,184,708**	517,873,149

Refundable deposits are mainly placed at China Securities Depository and Clearing Corporation Limited, futures companies, China Securities Finance Corporation Limited, Shanghai Clearing House, Hong Kong Securities Clearing Company Nominees Limited and Hong Kong Futures Exchange Clearing Corporation Limited.

(Expressed in RMB, unless otherwise stated)

21 DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities recognized

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movement during the period/year are as follows:

	At 1 January 2016	(Charged)/ credited to profit or loss	Charged to equity	Exchange differences in translation of financial statements of overseas subsidiaries	At 30 June 2016 Deferred tax, net	At 30 June 2016 Deferred tax assets	At 30 June 2016 Deferred tax liabilities
Deferred tax arising from:							
Staff cost	653,347,219	(251,623,466)	—	(29,322)	401,694,431	401,694,431	—
Deductible tax losses	40,103,936	8,487,072	—	11,538	48,602,546	48,602,546	—
Depreciation and amortization	5,969,610	(616,708)	—	(1,179)	5,351,723	5,351,723	—
Changes in fair values of financial instruments at fair value through profit or loss	(88,990,859)	3,818,768	—	—	(85,172,091)	—	(85,172,091)
Changes in fair values of available-for-sale financial assets	(22,507,968)	—	(4,498,766)	—	(27,006,734)	—	(27,006,734)
Others	60,717,260	(20,467,247)	—	1,318,616	41,568,629	42,199,707	(631,078)
Subtotal	648,639,198	(260,401,581)	(4,498,766)	1,299,653	385,038,504	497,848,407	(112,809,903)
Set off						(69,653,469)	69,653,469
Deferred tax assets/(liabilities) on consolidated statement of financial position						428,194,938	(43,156,434)

(Expressed in RMB, unless otherwise stated)

21 DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	At 1 January 2015	Credited/ (charged) to profit or loss	Charged to equity	Addition from acquisition of a subsidiary	Exchange differences in translation of financial statements of overseas subsidiaries	At 31 December 2015 Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax arising from:								
Staff cost	455,636,756	194,485,730	–	1,770,795	1,453,938	653,347,219	653,347,219	–
Deductible tax losses	41,787,884	(4,035,849)	–	–	2,351,901	40,103,936	40,103,936	–
Depreciation and amortization	6,154,449	(532,454)	–	–	347,615	5,969,610	5,969,610	–
Changes in fair values of financial instruments at fair value through profit or loss	(45,954,347)	(43,036,512)	–	–	–	(88,990,859)	–	(88,990,859)
Changes in fair values of available-for-sale financial assets	(7,720,487)	–	(14,787,481)	–	–	(22,507,968)	–	(22,507,968)
Others	5,459,604	54,808,456	–	121,042	328,158	60,717,260	61,334,991	(617,731)
Subtotal	455,363,859	201,689,371	(14,787,481)	1,891,837	4,481,612	648,639,198	760,755,756	(112,116,558)
Set off							(80,431,320)	80,431,320
Deferred tax assets/(liabilities) on consolidated statement of financial position							680,324,436	(31,685,238)

(b) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of cumulative tax losses amounted to RMB 292 million and RMB 274 million at 30 June 2016 and 31 December 2015, respectively.

Deferred tax assets not recognized in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

Deferred tax asset arising from unused tax losses is recognized only to the extent that an entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized by the entity, when the entity has a history of recent losses. The directors of the Company review the financial performance of these overseas subsidiaries at the end of reporting date to determine whether there is sufficient taxable profit to be available against the unused tax losses, and they are of the opinion that it is probable that sufficient future taxable profits against which the losses can be utilized will not be available in these overseas entities in the foreseeable future, given that further expenditures of these overseas subsidiaries are considered necessary for expanding the Group's overseas operations based on its business strategies.

(Expressed in RMB, unless otherwise stated)

22 ACCOUNTS RECEIVABLE

(a) Analyzed by nature:

	At 30 June 2016	At 31 December 2015
Trade receivable	**4,338,460,340**	5,071,528,802
Underwriting and advisory fees receivable	**615,301,096**	841,560,561
Asset management fees receivable	**244,677,831**	261,351,438
Trading seat rental fees receivable	**146,921,946**	137,649,542
Others	**427,170,318**	380,270,140
Less: provision for impairment losses	**(12,581,180)**	(18,488,540)
Total	**5,759,950,351**	6,673,871,943

(b) Analyzed by aging:

	At 30 June 2016			
	Gross amount		**Provision for impairment losses**	
	Amount	**%**	**Amount**	**%**
Within 1 year (inclusive)	**5,288,942,659**	**91.63%**	**—**	**—**
1 - 2 years (inclusive)	**379,527,449**	**6.57%**	**(3,338,100)**	**26.53%**
2 - 3 years (inclusive)	**78,601,106**	**1.36%**	**(3,445,600)**	**27.39%**
More than 3 years	**25,460,317**	**0.44%**	**(5,797,480)**	**46.08%**
Total	**5,772,531,531**	**100.00%**	**(12,581,180)**	**100.00%**

	At 31 December 2015			
	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive)	6,417,571,780	95.89%	—	—
1 - 2 years (inclusive)	195,734,655	2.92%	(3,399,300)	18.39%
2 - 3 years (inclusive)	60,652,516	0.91%	(15,069,240)	81.51%
More than 3 years	18,401,532	0.28%	(20,000)	0.10%
Total	6,692,360,483	100.00%	(18,488,540)	100.00%

(Expressed in RMB, unless otherwise stated)

22 ACCOUNTS RECEIVABLE (continued)

(c) Analysis of the movement of provision for impairment losses:

	Six months ended 30 June 2016	Year ended 31 December 2015
At the beginning of the period/year	**(18,488,540)**	(25,420,751)
Reversed for the period/year	**2,835,087**	8,081,121
Write-offs for the period/year	**3,264,913**	13,226,813
Recoveries of account receivables previously written off	**—**	(13,851,705)
Effect of changes in foreign exchange rate	**(192,640)**	(524,018)
At the end of the period/year	**(12,581,180)**	(18,488,540)

(d) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record of payments with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in the credit quality of these receivables and the balances are still considered fully recoverable.

23 RECEIVABLE FROM MARGIN CLIENTS

(a) Analyzed by nature:

	At 30 June 2016	At 31 December 2015
Individuals	**1,731,495,560**	2,482,904,142
Institutions	**819,718,725**	819,305,758
Less: provision for impairment losses	**(4,094,949)**	(5,777,853)
Total	**2,547,119,336**	3,296,432,047

(Expressed in RMB, unless otherwise stated)

23 RECEIVABLE FROM MARGIN CLIENTS (continued)

(b) Analyzed by fair value of collaterals:

	Fair value of collaterals	
	At 30 June 2016	At 31 December 2015
Stocks	**11,511,041,545**	14,051,288,840
Cash	**580,239,217**	521,097,559
Debt securities	**67,809**	18,601,623
Total	**12,091,348,571**	14,590,988,022

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Analyzed by type:

	At 30 June 2016		
	Financial assets held for trading	**Financial assets designated as at fair value through profit or loss**	**Total**
Equity investments	**6,223,285,296**	**9,412,295,411**	**15,635,580,707**
Debt securities	**30,899,385,799**	**—**	**30,899,385,799**
Funds and other investments	**9,108,164,452**	**1,391,487,711**	**10,499,652,163**
Total	**46,230,835,547**	**10,803,783,122**	**57,034,618,669**

	At 31 December 2015		
	Financial assets held for trading	Financial assets designated as at fair value through profit or loss	Total
Equity investments	5,915,045,555	6,561,603,309	12,476,648,864
Debt securities	20,279,792,939	300,000,000	20,579,792,939
Funds and other investments	11,648,354,424	754,463,441	12,402,817,865
Total	37,843,192,918	7,616,066,750	45,459,259,668

(Expressed in RMB, unless otherwise stated)

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Analyzed by listing status:

Financial assets held for trading:

	At 30 June 2016	At 31 December 2015
Listed		
– In Hong Kong	**76,810,057**	86,748,557
– Outside Hong Kong	**31,643,751,299**	26,796,474,944
Unlisted	**14,510,274,191**	10,959,969,417
Total	**46,230,835,547**	37,843,192,918

Financial assets designated as at fair value through profit or loss:

	At 30 June 2016	At 31 December 2015
Listed		
– In Hong Kong	**836,314,770**	560,967,563
– Outside Hong Kong	**9,537,012,467**	5,641,568,999
Unlisted	**430,455,885**	1,413,530,188
Total	**10,803,783,122**	7,616,066,750

(Expressed in RMB, unless otherwise stated)

25 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	At 30 June 2016		
	Notional	Fair value	
	amount	Assets	Liabilities
Interest rate contracts	38,348,345,460	214,521,992	(158,934,731)
Currency contracts	15,520,521,956	115,239,766	(83,759,476)
Equity contracts	25,123,157,350	1,373,565,144	(773,346,449)
Credit contracts	1,288,537,762	13,920,889	(19,490,452)
Other contracts	21,010,634,285	373,310,529	(396,724,768)
Total	101,291,196,813	2,090,558,320	(1,432,255,876)
Less: settlement		(4,887,077)	1,424,281
Net position		2,085,671,243	(1,430,831,595)

	As at 31 December 2015		
	Notional	Fair value	
	amount	Assets	Liabilities
Interest rate contracts	24,449,855,650	304,847,442	(150,729,764)
Currency contracts	11,502,202,868	111,807,536	(79,420,725)
Equity contracts	19,445,891,385	185,668,395	(731,288,281)
Credit contracts	793,018,956	9,643,105	(7,598,748)
Other contracts	5,802,642,935	124,277,990	(102,580,525)
Total	61,993,611,794	736,244,468	(1,071,618,043)
Less: settlement		—	606,115
Net position		736,244,468	(1,071,011,928)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures, treasury futures and commodity futures in Mainland China are settled daily and the corresponding receipts and payments are reflected in "deposits with clearing houses". Accordingly, the Group did not hold any net position of the above contracts at 30 June 2016 and 31 December 2015.

(Expressed in RMB, unless otherwise stated)

26 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS")

(a) Analyzed by collateral type:

	At 30 June 2016	At 31 December 2015
Debt securities	**1,336,008,374**	426,512,532
Stocks	**1,936,849,988**	1,135,779,989
Less: provision for impairment losses	**(9,684,250)**	(5,678,900)
Total	**3,263,174,112**	1,556,613,621

(b) Analyzed by market:

	At 30 June 2016	At 31 December 2015
Inter-bank market	**522,837,552**	150,153,796
Stock exchanges	**2,327,666,724**	1,261,601,089
Over-the-counter market	**412,669,836**	144,858,736
Total	**3,263,174,112**	1,556,613,621

27 CASH HELD ON BEHALF OF BROKERAGE CLIENTS

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

(Expressed in RMB, unless otherwise stated)

28 CASH AND BANK BALANCES

	At 30 June 2016	At 31 December 2015
Cash on hand	**173,277**	182,032
Deposits with banks	**10,873,665,553**	7,897,452,142
Deposits with clearing houses	**1,312,930,580**	536,451,504
Total	**12,186,769,410**	8,434,085,678

29 CASH AND CASH EQUIVALENTS

	At 30 June 2016	At 31 December 2015
Cash on hand	**173,277**	182,032
Deposits with banks	**10,873,665,553**	7,897,452,142
Deposits with clearing houses	**1,312,930,580**	536,451,504
Less: fixed or restricted bank deposits	**(826,744,525)**	(441,885,793)
Total	**11,360,024,885**	7,992,199,885

The fixed or restricted bank deposits mainly include bank deposits with original maturity of over three months held by the Group and the risk reserve deposits held for asset management business.

(Expressed in RMB, unless otherwise stated)

30 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2016		
	Financial liabilities held for trading	**Financial liabilities designated as at fair value through profit or loss**	**Total**
Equity investments	**125,844,896**	**6,333,684,225**	**6,459,529,121**
Debt securities	**2,881,299,190**	**—**	**2,881,299,190**
Total	**3,007,144,086**	**6,333,684,225**	**9,340,828,311**

	At 31 December 2015		
	Financial liabilities held for trading	**Financial liabilities designated as at fair value through profit or loss**	**Total**
Equity investments	21,583,407	5,426,566,098	5,448,149,505
Debt securities	134,201,447	—	134,201,447
Funds and other investments	—	1,965,210	1,965,210
Total	155,784,854	5,428,531,308	5,584,316,162

31 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	At 30 June 2016	At 31 December 2015
Clients' deposits for brokerage trading	**20,939,801,396**	24,696,953,887
Clients' deposits for margin financing and securities lending	**499,554,123**	521,097,559
Total	**21,439,355,519**	25,218,051,446

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and clearing houses. Accounts payable to brokerage clients are interest bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under normal course of business. Only the amounts in excess of the required amount of margin deposits and cash collaterals are repayable on demand.

(Expressed in RMB, unless otherwise stated)

32 PLACEMENTS FROM FINANCIAL INSTITUTIONS

(a) Analyzed by funding source:

	At 30 June 2016	At 31 December 2015
Due within one year		
– Placements from China Securities Finance Co., Ltd.	**1,600,000,000**	996,000,000
– Others	**4,839,592,000**	640,815,800
Subtotal	**6,439,592,000**	1,636,815,800
Due after one year		
– Syndication loan (Note)	—	1,623,400,000
Total	**6,439,592,000**	3,260,215,800

Note: China International Capital Corporation (Hong Kong) Limited ("CICC Hong Kong") entered into a syndication loan arrangement of USD 250 million on 17 July 2015 with a maturity date of 19 May 2018. CICC Hong Kong has repaid the loan on 23 June 2016

(b) Analyzed by residual maturity:

	At 30 June 2016		At 31 December 2015	
	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	**1,945,426,000**	**1.8%-3.0%**	590,651,000	1.1% - 2.3%
1 - 3 months (inclusive)	**2,902,516,000**	**3.0%-4.8%**	650,164,800	3.6% - 10.0%
3 months - 1 year (inclusive)	**1,591,650,000**	**4.0%**	396,000,000	5.0%-10.0%
1 - 3 years (inclusive)	—	—	1,623,400,000	1M Libor plus 2.5% p.a.
Total	**6,439,592,000**		3,260,215,800	

(Expressed in RMB, unless otherwise stated)

33 SHORT-TERM DEBT SECURITIES ISSUED

	Note	At 30 June 2016	At 31 December 2015
Beneficiary certificates	(a)	**4,919,200,877**	1,700,000,000

(a) Beneficiary certificates

Name	Issuance date	Maturity date	Nominal interest rate	Book value at 1 January 2016	Issuance	Redemption	Book value at 30 June 2016
CICC Tianxinbao No.7	30/04/2015	27/10/2016	6.10%	300,000,000	–	–	300,000,000
CICC Tianxinbao No.8	08/05/2015	08/11/2016	6.20%	200,000,000	–	–	200,000,000
CICC Tianxinbao No.14	23/12/2015	22/01/2016	3.95%	50,000,000	–	(50,000,000)	–
CICC Jinyintong No.3	21/12/2015	21/01/2016	4.00%	500,000,000	–	(500,000,000)	–
CICC Jinyintong No.4	23/12/2015	23/03/2016	4.20%	500,000,000	–	(500,000,000)	–
CICC Jinyintong No.5	28/12/2015	28/01/2016	4.00%	150,000,000	–	(150,000,000)	–
CICC Jinyintong No.6	18/03/2016	17/06/2016	3.50%	–	200,000,000	(200,000,000)	–
CICC Jinyintong No.7	06/05/2016	05/07/2017	3.60%	–	400,000,000	–	400,000,000
CICC Jinyintong No.8	23/05/2016	23/08/2017	3.65%	–	500,000,000	–	500,000,000
CICC Jinyintong No.9	30/05/2016	26/08/2017	3.30%	–	500,000,000	–	500,000,000
CICC Jinyintong No.10	30/05/2016	30/08/2017	3.30%	–	500,000,000	–	500,000,000
CICC Jinyintong No.11	30/05/2016	02/09/2017	3.30%	–	500,000,000	–	500,000,000
CICC Jinyintong No.12	01/06/2016	01/11/2017	3.75%	–	800,000,000	–	800,000,000
CICC Jinyintong No.13	01/06/2016	03/11/2017	3.75%	–	800,000,000	–	800,000,000
CICC Shangpin A No.1	14/04/2016	14/07/2016	Floating interest rate	–	10,000,000	–	10,000,000
CICC Shangpin A No.3	25/04/2016	25/07/2016	Floating interest rate	–	1,000,000	–	1,000,000
CICC Shangpin A No.2	29/04/2016	29/07/2016	Floating interest rate	–	20,000,000	–	20,000,000
CICC Shangpin A No.4	17/05/2016	16/08/2016	Floating interest rate	–	10,000,000	–	10,000,000
CICC Shangpin B No.2	20/05/2016	16/11/2016	Floating interest rate	–	506,850	–	506,850
CICC Shangpin A No.6	16/06/2016	15/09/2016	Floating interest rate	–	80,000,000	–	80,000,000
CICC Shangpin A No.9	16/06/2016	15/09/2016	Floating interest rate	–	60,000,000	–	60,000,000
CICC Shangpin A No.10	16/06/2016	15/09/2016	Floating interest rate	–	60,000,000	–	60,000,000
CICC Shangpin B No.4	24/06/2016	21/12/2016	Floating interest rate	–	494,027	–	494,027

(Expressed in RMB, unless otherwise stated)

33 SHORT-TERM DEBT SECURITIES ISSUED (continued)

Name	Issuance date	Maturity date	Nominal interest rate	Book value at 1 January 2016	Issuance	Redemption	Book value at 30 June 2016
CICC Tongxin No. 1	25/05/2016	23/11/2016	Floating interest rate	–	31,000,000	–	31,000,000
CICC Tongxin No. 2	27/05/2016	25/11/2016	Floating interest rate	–	27,000,000	–	27,000,000
CICC Tongxin No. 3	31/05/2016	29/11/2016	Floating interest rate	–	49,200,000	–	49,200,000
CICC Tongxin No. 5	15/06/2016	15/12/2016	Floating interest rate	–	60,000,000	–	60,000,000
CICC Tongxin No. 6	22/06/2016	22/12/2016	Floating interest rate	–	10,000,000	–	10,000,000
Total				1,700,000,000	4,619,200,877	(1,400,000,000)	4,919,200,877

Note: The floating interest rate is calculated based on China Securities Index 500, gold price and price of futures of various underlying assets.

(Expressed in RMB, unless otherwise stated)

33 SHORT-TERM DEBT SECURITIES ISSUED (continued)

Name	Issuance date	Maturity date	Nominal interest rate	Book value at 1 January 2015	Issuance	Redemption	Book value at 31 December 2015
CICC Tianxinbao No.1	26/12/2014	25/06/2015	5.80%	50,000,000	—	(50,000,000)	—
CICC Zhaozhaoniu No.1	26/12/2014	25/06/2015	Floating interest rate	50,000,000	—	(50,000,000)	—
CICC Tianxinbao No.2	04/02/2015	04/08/2015	5.20%	—	60,000,000	(60,000,000)	—
CICC Tianxinbao No.3	27/03/2015	29/06/2015	5.50%	—	100,000,000	(100,000,000)	—
CICC Tianxinbao No.4	02/04/2015	28/09/2015	5.70%	—	50,000,000	(50,000,000)	—
CICC Tianxinbao No.5	03/04/2015	06/07/2015	4.30%	—	10,000,000	(10,000,000)	—
CICC Tianxinbao No.6	08/04/2015	07/07/2015	5.62%	—	50,000,000	(50,000,000)	—
CICC Tianxinbao No.7	30/04/2015	27/10/2016	6.10%	—	300,000,000	—	300,000,000
CICC Tianxinbao No.8	08/05/2015	08/11/2016	6.20%	—	200,000,000	—	200,000,000
CICC Tianxinbao No.9	24/06/2015	23/12/2015	5.70%	—	50,000,000	(50,000,000)	—
CICC Tianxinbao No.10	24/06/2015	23/12/2015	5.70%	—	100,000,000	(100,000,000)	—
CICC Tianxinbao No.11	26/06/2015	23/12/2015	5.80%	—	100,000,000	(100,000,000)	—
CICC Tianxinbao No.12	19/06/2015	16/12/2015	5.80%	—	50,000,000	(50,000,000)	—
CICC Tianxinbao No.13	26/06/2015	23/12/2015	5.80%	—	100,000,000	(100,000,000)	—
CICC Tianxinbao No.14	23/12/2015	22/01/2016	3.95%	—	50,000,000	—	50,000,000
CICC Fixed Return No.2	12/05/2015	10/08/2015	5.60%	—	200,000,000	(200,000,000)	—
CICC Jinyintong No.1	03/04/2015	29/09/2015	6.05%	—	200,000,000	(200,000,000)	—
CICC Jinyintong No.2	07/07/2015	21/07/2015	5.00%	—	700,000,000	(700,000,000)	—
CICC Jinyintong No.3	21/12/2015	21/01/2016	4.00%	—	500,000,000	—	500,000,000
CICC Jinyintong No.4	23/12/2015	23/03/2016	4.20%	—	500,000,000	—	500,000,000
CICC Jinyintong No.5	28/12/2015	28/01/2016	4.00%	—	150,000,000	—	150,000,000
Total				100,000,000	3,470,000,000	(1,870,000,000)	1,700,000,000

Note: The floating interest rate is calculated based on Shanghai & Shenzhen 300 index.

(Expressed in RMB, unless otherwise stated)

34 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOS")

(a) Analyzed by collateral type:

	At 30 June 2016	At 31 December 2015
Debt securities	**14,232,358,273**	13,013,713,250
Others	**1,687,687,009**	1,000,000,000
Total	**15,920,045,282**	14,013,713,250

(b) Analyzed by market:

	At 30 June 2016	At 31 December 2015
Inter-bank market	**13,213,122,962**	8,310,657,781
Stock exchanges	**1,407,565,000**	4,463,010,000
Over-the-counter market	**1,299,357,320**	1,240,045,469
Total	**15,920,045,282**	14,013,713,250

35 LONG-TERM DEBT SECURITIES ISSUED

	Note	At 30 June 2016	At 31 December 2015
Due within one year			
– Subordinated bonds	(a)	**3,000,000,000**	—
Due after one year			
– Subordinated bonds	(a)	**2,000,000,000**	5,000,000,000
– Notes payable	(b)	**3,292,601,160**	1,071,444,000
Subtotal		**5,292,601,160**	6,071,444,000
Total		**8,292,601,160**	6,071,444,000
Fair value		**8,554,387,385**	6,402,662,243

(Expressed in RMB, unless otherwise stated)

35 LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Subordinated bonds:

Name	Issuance date	Maturity date	Nominal interest rate	Book value at 1 January 2016	Issuance	Redemption	Book value at 30 June 2016
2013 subordinated bonds (i)	25/07/2013	25/07/2019	1st - 3rd years 6% 4th - 6th years 9%	3,000,000,000	—	—	3,000,000,000
2015 subordinated bonds (ii)	29/05/2015	29/05/2021	1st - 3rd years 5.25% 4th - 6th years 8.25%	2,000,000,000	—	—	2,000,000,000
Total				5,000,000,000	—	—	5,000,000,000

Name	Issuance date	Maturity date	Nominal interest rate	Book value at 1 January 2015	Issuance	Redemption	Book value at 31 December 2015
2013 subordinated bonds (i)	25/07/2013	25/07/2019	1st - 3rd years 6% 4th - 6th years 9%	3,000,000,000	—	—	3,000,000,000
2015 subordinated bonds (ii)	29/05/2015	29/05/2021	1st - 3rd years 5.25% 4th - 6th years 8.25%	—	2,000,000,000	—	2,000,000,000
Total				3,000,000,000	2,000,000,000	—	5,000,000,000

(i) The Company issued subordinated bonds with a principal amount of RMB 3 billion on 25 July 2013 with a maturity date of 25 July 2019. Interests of the subordinated bonds are paid annually. The Company has redeemed the bonds on 25 July 2016.

(ii) The Company issued subordinated bonds with a principal amount of RMB 2 billion on 29 May 2015 with a maturity date of 29 May 2021. Interests of the subordinated bonds are paid annually. The Company has an option to redeem the bonds on 29 May 2018.

(Expressed in RMB, unless otherwise stated)

35 LONG-TERM DEBT SECURITIES ISSUED (continued)

(b) Notes payable:

CICC Hong Kong issued notes with a principal amount of US dollars ("USD") 165 million on 28 April 2011 with a maturity date of 28 April 2021. Interests of the notes were paid semi-annually. CICC Hong Kong has fully redeemed the notes on 29 April 2016.

CICC Hong Kong has guaranteed USD 500 million medium-term notes issued by its wholly owned subsidiary CICC Hong Kong Finance 2016 MTN Limited on 18 May 2016 with a maturity date of 18 May 2019. Interests of the notes are paid semi-annually.

36 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

On 9 November 2015, the Company issued 555,824,000 H-share with a par value of RMB 1 at an offering price of HKD10.28 per share. On 18 November 2015, the Company exercised the over-allotment option and issued 83,372,000 H shares with a par value of RMB 1 at an offering price of HKD10.28 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(b) Reserves

(i) Capital reserve

	At 30 June 2016	At 31 December 2015
Share premium (a)	**7,680,642,418**	7,680,642,418
Others (b)	**25,025,907**	25,025,907
Total	**7,705,668,325**	7,705,668,325

(a) The premium arising from the Company's H-share offering (see Note 36(a)) was recorded in share premium.

(b) Others mainly represent the difference arising from the redemption of preference shares by CICC Hong Kong in 1998.

36 CAPITAL, RESERVES AND DIVIDENDS (continued)

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. The Company is required to appropriate 10% of its net profit as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance of the PRC (the "MOF") after offsetting prior year's accumulated losses, to 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, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before the capitalization.

The Company makes the appropriation of surplus reserve at the end of each year.

(iii) General reserve

General reserve includes general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Caijin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

The Company makes the appropriation of general reserve at the end of each year.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

(iv) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net changes in fair values of available-for-sale financial assets held at the end of reporting period.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

(c) Dividends

The Company has not distributed any dividends to the shareholders during the six months ended 30 June 2016.

(Expressed in RMB, unless otherwise stated)

37 OTHER EQUITY INSTRUMENTS

The Company issued its 2015 perpetual subordinated bonds with a principal amount of RMB1 billion on 29 May 2015. The interest rate of the perpetual subordinated bonds resets every 5 years thereafter based on a benchmark rate and a predetermined spread.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

38 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 30 June 2016 and 31 December 2015 not provided for in the financial statements were as follows:

	At 30 June 2016	At 31 December 2015
Contracted, but not provided for	**471,470,867**	158,806,837

(b) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2016	At 31 December 2015
Within 1 year (inclusive)	**252,937,869**	215,715,886
1 - 2 years (inclusive)	**243,873,976**	202,178,532
2 - 3 years (inclusive)	**224,514,183**	187,815,098
More than 3 years	**309,256,992**	350,638,130
Total	**1,030,583,020**	956,347,646

(c) Underwriting commitments

There was no underwriting commitments taken but not provided for by the Group at 30 June 2016 and 31 December 2015.

(Expressed in RMB, unless otherwise stated)

39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2016	2015
Salaries, allowances and benefits in kind	**14,586,502**	6,870,463
Discretionary bonuses (Note)	**—**	—
Retirement scheme contributions	**183,821**	137,620
Total	**14,770,323**	7,008,083

Note: The discretionary bonuses of the Group's management personnel for the six months ended 30 June 2016 have not yet been finalized.

(b) Related party transactions with major shareholders/equity holders

(i) Related party transactions with major shareholders/equity holders and their related parties

	Six months ended 30 June	
	2016	2015
Brokerage commission income	**1,031,364**	36,202,416
Underwriting and sponsoring fees	**266,099**	5,767,895
Asset management fees	**9,935,337**	17,275,996
Interest income	**67,911,421**	53,823,087
Net gains from financial assets at fair value through profit or loss	**119,082,773**	12,978,598
Interest expenses	**39,462,570**	20,027,507

(Expressed in RMB, unless otherwise stated)

39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(ii) The balances of transactions with major shareholders and their related parties

	At 30 June 2016	At 31 December 2015
Financial assets at fair value through profit or loss	**268,628,673**	374,258,713
Reverse REPOs	**522,837,552**	—
Cash and bank balances (Note)	**6,717,115,835**	9,039,480,902
Accounts payable to brokerage clients	**—**	6,749
REPOs	**—**	1,020,255,279
Interest payable	**20,040,377**	15,160,499
Subordinated bonds	**540,000,000**	540,000,000
Entrusted funds	**12,833,933,478**	12,646,092,578

Note: The cash and bank balances deposited with major shareholders and their related parties includes self-owned cash and bank balances and cash held on behalf of brokerage clients.

(c) Related party transactions with the Group's associates and joint ventures

(i) Related party transactions with associates and joint ventures and their related parties

	Six months ended 30 June	
	2016	2015
Brokerage commission income	**—**	2,150,411
Asset management fees	**—**	8
Investment advisory fees	**9,702,070**	3,292,807
Interest income	**14,301**	—

(ii) The balances of transactions with associates and joint ventures and their related parties

	At 30 June 2016	At 31 December 2015
Accounts receivable	**—**	6,196,689

40 SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management for the purposes of resources allocation and performance evaluation; and
- for which financial statements regarding financial position, results of operations and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- the nature of services;
- the type or class of customers for the services;
- the methods used to provide the services; and
- the nature of the regulatory environment

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments. A summary of the operating segments is as follows:

- the Investment Banking segment provides investment banking services, including equity financing, debt and structured financing and financial advisory services as well as the National Equities Exchange and Quotations ("NEEQ") services, to clients in the PRC and overseas.
- the Equities segment provides a wide range of equity sales and trading services, including brokerage services and capital-based intermediary services, to institutional investors, including financial institutions, corporations and governmental entities.
- the FICC segment engages in trading of financial products, including fixed-income, equities, currencies and commodities products, using the Group's own capital, as well as for clients facilitation purposes. It also provides product structuring, fixed income distribution and futures brokerage services.
- the Wealth Management segment provides a wide range of wealth management products and services, consisting of advisory services, transactional services, capital-based intermediary services and product services, to high-net-worth individuals, family offices and corporate clients.
- the Investment Management segment designs and provides a wide range of asset management products and services for domestic and overseas investors. It also manages mutual funds, private equity funds as well as funds of funds.
- the Others segment mainly comprises of other business departments and back offices.

(Expressed in RMB, unless otherwise stated)

40 SEGMENT REPORTING (continued)

(a) Segment results

	Six months ended 30 June 2016						
	Investment Banking	Equities	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
– Fee and commission income	701,798,609	628,069,640	171,833,187	294,533,701	310,515,161	340,183	2,107,090,481
– Interest income	866,870	126,064,794	50,353,653	214,628,905	7,318,879	56,033,188	455,266,289
– Investment income	13,390,837	172,679,796	361,051,737	8,296,083	15,202,233	35,749,626	606,370,312
– Other income	14,084,841	4,594,064	11,274,072	4,796,201	255,398	17,077,041	52,081,617
Segment revenue and other income	730,141,157	931,408,294	594,512,649	522,254,890	333,291,671	109,200,038	3,220,808,699
Segment expenses	(560,822,955)	(397,039,307)	(556,704,790)	(403,297,187)	(338,124,006)	(251,200,913)	(2,507,189,158)
Segment operating profit/(loss)	169,318,202	534,368,987	37,807,859	118,957,703	(4,832,335)	(142,000,875)	713,619,541
Share of profits of associates and joint ventures	–	–	–	–	21,242,091	4,491,562	25,733,653
Profit/(loss) before income tax	169,318,202	534,368,987	37,807,859	118,957,703	16,409,756	(137,509,313)	739,353,194
Interest expenses (Note)	(23,086,654)	(58,109,022)	(366,765,124)	(128,958,185)	(73,882,402)	22,305,758	(628,495,629)
Depreciation and amortization expenses	(1,514,993)	(3,314,045)	(2,739,999)	(7,622,325)	(3,991,622)	(12,753,494)	(31,936,478)
Reversal/(provision) for impairment losses	2,835,087	173,809	–	(2,496,255)	–	–	512,641

(Expressed in RMB, unless otherwise stated)

40 SEGMENT REPORTING (continued)

	Six months ended 30 June 2015						
	Investment Banking	Equities	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
– Fee and commission income	991,443,774	1,136,301,421	42,978,790	560,019,084	388,013,406	94,084	3,118,850,559
– Interest income	657,623	108,476,691	4,393,520	267,849,228	3,523,703	34,213,436	419,114,201
– Investment income	5,261,925	239,854,906	947,839,659	69,661,867	47,603,802	3,477,004	1,313,699,163
– Other income	139,814	637,408	—	2,415,216	9,557,000	16,625,300	29,374,738
Segment revenue and other income	997,503,136	1,485,270,426	995,211,969	899,945,395	448,697,911	54,409,824	4,881,038,661
Segment expenses	(775,650,460)	(532,382,737)	(447,448,991)	(538,641,999)	(326,743,928)	(783,903,203)	(3,404,771,318)
Segment operating profit/(loss)	221,852,676	952,887,689	547,762,978	361,303,396	121,953,983	(729,493,379)	1,476,267,343
Share of profits of associates and joint ventures	—	—	—	—	32,185,785	3,973,621	36,159,406
Profit/(loss) before income tax	221,852,676	952,887,689	547,762,978	361,303,396	154,139,768	(725,519,758)	1,512,426,749
Interest expenses (Note)	(2,890,673)	(126,627,094)	(226,541,626)	(167,434,840)	(24,245,470)	37,627,897	(510,111,806)
Depreciation and amortization expenses	(379,290)	(2,679,637)	(228,715)	(7,130,257)	(2,711,350)	(10,417,569)	(23,546,818)
Reversal/(provision) for impairment losses	10,586,752	—	(68,000)	—	(2,446,118)	—	8,072,634

Note: The Group allocates interest expenses across the reportable segments according to the capital used during the reporting periods for the purpose of measuring segment operating performance and improving the efficiencies of capital management.

(Expressed in RMB, unless otherwise stated)

40 SEGMENT REPORTING (continued)

(b) Geographical information

The following table sets out the Group's operating income from external clients and the Group's non-current assets (excluding financial instruments, deferred tax assets, same as below) in terms of geographical locations. The geographical locations of the operating income from external clients are identified based on the locations of the clients to whom the services are rendered. The geographical locations of the non-current assets are identified based on the locations where the fixed assets are located or the intangible assets are allocated or the associates and joint ventures operate.

	Revenues and other income from external customers	
	Six months ended 30 June	
	2016	2015
Mainland China	**2,596,271,069**	3,934,240,903
Overseas	**624,537,630**	946,797,758
Total	**3,220,808,699**	4,881,038,661

	Non-current assets	
	At 30 June 2016	At 31 December 2015
Mainland China	**1,350,728,274**	1,003,955,079
Overseas	**190,425,890**	193,999,933
Total	**1,541,154,164**	1,197,955,012

Reconciliation of segment non-current assets:

	Non-current assets	
	At 30 June 2016	At 31 December 2015
Total non-current assets for segments	**4,027,833,750**	2,928,070,738
Elimination of inter-segment non-current assets	**(2,486,679,586)**	(1,730,115,726)
Total	**1,541,154,164**	1,197,955,012

(c) Major clients

The Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue for the six months ended 30 June 2016.

Notes to the Unaudited Interim Financial Report

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41 FAIR VALUE INFORMATION

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Financial assets including cash and bank balances, cash held on behalf of brokerage clients, reverse REPOs and financial liabilities including short-term placements from financial institutions and REPOs, are mainly instruments with floating interest rates or short-term financing. Accordingly, their carrying amounts approximate the fair values.

(ii) Financial instruments at fair value through profit or loss, derivatives and available-for-sale financial assets are stated at fair value unless the fair values cannot be reliably measured. For the financial instruments traded in active markets, the Group uses market prices or markets rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flows or other valuation techniques.

(iii) The fair values of short-term and long-term debt securities issued are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as similar credit risk and maturity, to estimate the fair values using discounted cash flows or other valuation techniques. The fair values of long-term debt securities issued are disclosed in Note 35. The carrying amounts of long-term placement from financial institutions and short-term debt securities issued approximate to their fair values.

(iv) Accounts receivable and accounts payable to brokerage clients are due mainly within one year. Accordingly, the carrying amounts approximate the fair values.

(a) Financial assets and liabilities measured at fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level I valuations: Fair value measured using only Level I inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level II valuations: Fair value measured using Level II inputs i.e. observable inputs which fail to meet Level I, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level III valuations: Fair value measured using significant unobservable inputs.

(Expressed in RMB, unless otherwise stated)

41 FAIR VALUE INFORMATION (continued)

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

The table below analyzes financial instruments measured at fair value at the end of the reporting periods, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	At 30 June 2016			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
– Equity investments	6,023,247,905	200,037,391	—	6,223,285,296
– Debt securities	2,387,435,651	28,511,950,148	—	30,899,385,799
– Funds and other investments	212,272,472	8,875,429,430	20,462,550	9,108,164,452
Financial assets designated as at fair value through profit or loss				
– Equity investments	8,069,854,405	1,342,441,006	—	9,412,295,411
– Funds and other investments	961,031,826	430,455,885	—	1,391,487,711
Derivative financial assets	13,554,066	2,072,117,177	—	2,085,671,243
Available-for-sale financial assets				
– Equity investments	16,353,906	—	1,507,826,213	1,524,180,119
– Funds and other investments	408,790	—	10,000,000	10,408,790
Total	17,684,159,021	41,432,431,037	1,538,288,763	60,654,878,821
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity investments	(125,844,896)	—	—	(125,844,896)
– Debt securities	(167,324,815)	(2,713,974,375)	—	(2,881,299,190)
Financial liabilities designated as at fair value through profit or loss				
– Equity investments	—	(6,333,684,225)	—	(6,333,684,225)
Derivatives financial liabilities	(47,233,788)	(1,368,179,104)	(15,418,703)	(1,430,831,595)
Total	(340,403,499)	(10,415,837,704)	(15,418,703)	(10,771,659,906)

(Expressed in RMB, unless otherwise stated)

41 FAIR VALUE INFORMATION (continued)

	At 31 December 2015			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
– Equity investments	2,520,861,785	3,394,183,770	—	5,915,045,555
– Debt securities	4,933,179,067	15,346,613,872	—	20,279,792,939
– Funds and other investments	4,268,714,082	7,379,640,342	—	11,648,354,424
Financial assets designated as at fair value through profit or loss				
– Equity investments	6,058,517,273	503,086,036	—	6,561,603,309
– Debt securities	—	—	300,000,000	300,000,000
– Funds and other investments	12,896,243	649,086,470	92,480,728	754,463,441
Derivative financial assets	4,452,372	731,792,096	—	736,244,468
Available-for-sale financial assets				
– Equity investments	20,132,584	—	1,178,744,923	1,198,877,507
– Funds and other investments	488,582	—	—	488,582
Total	17,819,241,988	28,004,402,586	1,571,225,651	47,394,870,225
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity investments	(21,583,407)	—	—	(21,583,407)
– Debt securities	—	(134,201,447)	—	(134,201,447)
Financial liabilities designated as at fair value through profit or loss				
– Equity investments	—	(5,426,566,098)	—	(5,426,566,098)
– Funds and other investments	(1,965,210)	—	—	(1,965,210)
Derivatives financial liabilities	(1,668,050)	(1,054,245,119)	(15,098,759)	(1,071,011,928)
Total	(25,216,667)	(6,615,012,664)	(15,098,759)	(6,655,328,090)

(Expressed in RMB, unless otherwise stated)

41 FAIR VALUE INFORMATION (continued)

(i) At 30 June 2016, investment in certain suspended stocks which were classified as financial assets held for trading and financial assets designated as at fair value through profit or loss of the Group with the carrying amount of RMB1,321,430,114, were transferred from Level I to Level II as the quoted prices of these stocks were no longer regularly available. At 31 December 2015, investment in certain suspended stocks which were classified as financial assets held for trading and financial assets designated as at fair value through profit or loss of the Group with the carrying amount of RMB372,286,560 were transferred from Level I to Level II as the quoted prices of these stocks were no longer regularly available. For the six months ended 30 June 2016 and the year ended 31 December 2015, there were no other significant transfer between Level I and Level II of the fair value hierarchy.

(ii) Information about Level III fair value measurements

At 30 June 2016 and 31 December 2015, it is estimated that the sensitivity of the Group's profit or loss and other comprehensive income to the fluctuation of parameters used in Level III fair value measurements is not significant.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives financial liabilities	Total
At 1 January 2016	392,480,728	1,178,744,923	(15,098,759)	1,556,126,892
Gains or losses for the period	2,839,172	20,460,044	—	23,299,216
Changes in fair value recognized in other comprehensive income	—	(40,519)	(319,944)	(360,463)
Purchases	22,454,808	318,661,765	—	341,116,573
Sales and settlements	(397,312,158)	—	—	(397,312,158)
Transfer into Level III	—	—	—	—
Transfer out of Level III	—	—	—	—
At 30 June 2016	20,462,550	1,517,826,213	(15,418,703)	1,522,870,060
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(1,992,258)	20,460,044	—	18,467,786

(Expressed in RMB, unless otherwise stated)

41 FAIR VALUE INFORMATION (continued)

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivatives financial liabilities	Total
At 1 January 2015	121,611,838	388,451,021	(31,310,440)	478,752,419
Gains or losses for the year	(9,826,838)	105,317,740	(56,034,732)	39,456,170
Changes in fair value recognized in other comprehensive income	—	(34,087,893)	—	(34,087,893)
Purchases	300,695,728	719,064,055	—	1,019,759,783
Sales and settlements	(20,000,000)	—	72,246,413	52,246,413
Transfer into Level III	—	—	—	—
Transfer out of Level III	—	—	—	—
At 31 December 2015	392,480,728	1,178,744,923	(15,098,759)	1,556,126,892
Total gains or losses for the year included in profit or loss for assets held at the end of the year	(2,980,838)	105,317,740	(56,034,732)	46,302,170

For financial instruments in Level III, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level III of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the related valuation techniques and inputs of the major financial instruments in Level III.

41 FAIR VALUE INFORMATION (continued)

Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Funds and other investments	Level III	Allocated net assets value	Net asset value	The higher the allocated net assets value, the higher the fair value
Unlisted equity investments	Level III	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value

(b) Fair value of financial assets and liabilities carried at other than fair value

The fair values of long-term debt securities issued have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the Group, which are classified as Level II categories and disclosed in Note 35.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortized cost in the Group's statement of financial position approximate their fair values.

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, market risk, liquidity risk and operational risk from its use of financial instruments.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of counterparties, clients, intermediary institutions, bond issuers or other business associates to meet their contracted obligation to the Group.

Currently, the Group's exposure to credit risk arises from: (1) direct credit risk from debt borrowers (including borrowers in margin financing and securities lending business) or bond issuers' default or bankruptcy, including the loss due to intermediary institutions such as brokers or custodian banks. The risk exposure is the total value of the debt outstanding; (2) counterparty credit risk from a counterparty's default on the over-the-counter derivative transactions, such as swap or forward. The risk exposure is determined by the change in the market prices of the derivatives; (3) settlement risk from a business associate's failure in delivery of fund or securities when the Group has fulfilled its delivery obligation.

To mitigate direct credit risk, the Group has set up investment criteria and limits based on bonds variety, credit ratings and issuers. For margin financing and securities lending and reverse REPOs, the Group undertakes various means to mitigates the direct credit risk, including holding collaterals from clients, reviewing and setting client trading limits, managing the underlying securities and collaterals and their conversion ratios, real-time and day-end monitoring, executing margin calls and forced liquidations, undertaking recourse actions.

(i) Maximum exposure to credit risk of the Group without taking into account of any collateral or other credit enhancements

	At 30 June 2016	At 31 December 2015
Refundable deposits	**804,184,708**	517,873,149
Financial assets at fair value through profit or loss	**30,899,385,799**	20,579,792,939
Derivative financial assets	**2,072,117,177**	731,792,096
Reverse REPOs	**3,263,174,112**	1,556,613,621
Receivable from margin clients	**2,547,119,336**	3,296,432,047
Cash held on behalf of brokerage clients	**20,523,945,792**	24,301,353,512
Bank balances	**12,186,596,133**	8,433,903,646
Accounts receivable	**5,759,950,351**	6,673,871,943
Others	**593,979,163**	478,508,038
Total maximum credit risk exposure	**78,650,452,571**	66,570,140,991

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking into account of any collateral and other credit enhancements, as categorized by geographical area:

	By geographical area		
	Mainland China	**Outside Mainland China**	**Total**
At 30 June 2016			
Refundable deposits	**732,426,412**	**71,758,296**	**804,184,708**
Financial assets at fair value through profit or loss	**29,954,118,592**	**945,267,207**	**30,899,385,799**
Derivative financial assets	**770,840,093**	**1,301,277,084**	**2,072,117,177**
Reverse REPOs	**2,850,504,276**	**412,669,836**	**3,263,174,112**
Receivable from margin clients	**2,043,379,680**	**503,739,656**	**2,547,119,336**
Cash held on behalf of brokerage clients	**18,103,457,650**	**2,420,488,142**	**20,523,945,792**
Bank balances	**8,702,418,340**	**3,484,177,793**	**12,186,596,133**
Accounts receivable	**1,396,960,538**	**4,362,989,813**	**5,759,950,351**
Others	**554,186,268**	**39,792,895**	**593,979,163**
Total maximum credit risk exposure	**65,108,291,849**	**13,542,160,722**	**78,650,452,571**

	By geographical area		
	Mainland China	Outside Mainland China	Total
At 31 December 2015			
Refundable deposits	441,460,235	76,412,914	517,873,149
Financial assets at fair value through profit or loss	20,421,644,420	158,148,519	20,579,792,939
Derivative financial assets	349,715,701	382,076,395	731,792,096
Reverse REPOs	1,411,754,885	144,858,736	1,556,613,621
Receivable from margin clients	2,883,148,789	413,283,258	3,296,432,047
Cash held on behalf of brokerage clients	21,376,543,436	2,924,810,076	24,301,353,512
Bank balances	6,095,783,747	2,338,119,899	8,433,903,646
Accounts receivable	2,138,576,426	4,535,295,517	6,673,871,943
Others	446,867,719	31,640,319	478,508,038
Total maximum credit risk exposure	55,565,495,358	11,004,645,633	66,570,140,991

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

(iii) Credit rating analysis of financial assets

The Group adopts a credit rating approach in managing credit risk of debt securities portfolio. Debt securities are rated with reference to Bloomberg Composite, or the major rating agencies where the issuers of the securities are located. The carrying amount of debt securities investments analyzed by the rating agency designations as at the end of the reporting periods are as follows:

	At 30 June 2016	At 31 December 2015
Bloomberg comprehensive rating		
– AAA	**70,839,510**	12,767,638
– From AA- to AA+	**343,575,826**	154,287,550
– From A- to A+	**2,867,363,693**	1,289,204,552
– Below A-	**2,393,468,791**	1,784,186,051
Sub-total	**5,675,247,820**	3,240,445,791
Other comprehensive rating		
– AAA	**22,175,021,480**	11,624,449,994
– From AA- to AA+	**1,372,693,362**	2,165,641,558
– From A- to A+	**—**	—
– Below A-	**—**	—
Sub-total	**23,547,714,842**	13,790,091,552
Non-rated (Note)	**1,676,423,137**	3,549,255,596
Total	**30,899,385,799**	20,579,792,939

Note: Non-rated financial assets mainly represent debts instruments and trading securities issued by the MOF, the PBOC and other policy banks, which are creditworthy issuers in the market but are not rated by independent rating agencies.

(b) Liquidity risk

Liquidity risk arises when the Group, despite being solvent at the time, cannot obtain sufficient funding in a timely basis or at a reasonable cost to finance the expansion of its assets or to pay off its obligation when it falls due.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

The following tables show the undiscounted contractual cash flows of the Group's non-derivative and derivative financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting periods), categorized by their remaining contractual maturities at the end of the reporting periods calculated based on the earliest date the Group can be required to pay:

	At 30 June 2016					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients	21,439,355,519	—	—	—	—	21,439,355,519
Placements from financial institutions	—	4,998,203,734	1,643,245,864	—	—	6,641,449,598
Financial liabilities at fair value through profit or loss	—	9,340,828,311	—	—	—	9,340,828,311
Derivative financial liabilities	—	1,414,201,921	16,629,674	—	—	1,430,831,595
REPOs	—	15,956,426,938	—	—	—	15,956,426,938
Short-term debt securities issued	—	1,235,028,274	4,068,895,890	—	—	5,303,924,164
Long-term debt securities issued	—	3,376,179,000	6,097,958,000	—	—	9,474,137,000
Others	8,774,769,441	11,062,170,611	38,875	—	—	19,836,978,927
Total	30,214,124,960	47,383,038,789	11,826,768,303	—	—	89,423,932,052

	At 31 December 2015					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokergage clients	25,218,051,446	—	—	—	—	25,218,051,446
Placements from financial institutions	—	1,715,952,905	1,688,572,556	—	—	3,404,525,461
Financial liabilities at fair value through profit or loss	—	5,584,316,162	—	—	—	5,584,316,162
Derivative financial liabilities	—	1,050,998,003	20,013,925	—	—	1,071,011,928
REPOs	—	14,072,208,130	—	—	—	14,072,208,130
Short-term debt securities issued	—	1,753,660,479	—	—	—	1,753,660,479
Long-term debt securities issued	—	353,304,554	4,623,218,220	3,258,642,980	—	8,235,165,754
Others	6,027,521,646	8,258,869,380	—	—	—	14,286,391,026
Total	31,245,573,092	32,789,309,613	6,331,804,701	3,258,642,980	—	73,625,330,386

42 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk is the risk of loss in the Group's income and value of financial instruments held arising from the adverse market movements such as changes in interest rates, stock prices, and foreign exchange rates. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximize the risk adjusted return. Stress testing is conducted regularly, and the potential movements of risk and operating indicators in a variety of scenarios are calculated.

The Group monitors the market risk for trading portfolios and non-trading portfolios separately.

(i) Market risk of trading portfolios

Trading portfolio includes financial assets at fair value through profit or loss, derivative financial assets, financial liabilities at fair value through profit or loss, and derivative financial liabilities. The risk exposures are measured and monitored in terms of principal, stop loss limit and etc., and are maintained within the limits set up by management. The Group adopts various kinds of methodologies (such as investment concentration limits, scenario analysis, Value-at-Risk ("VaR"), etc.) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor market risk of the trading portfolios.

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to the adverse market movements, such as interest rates, foreign exchange rates and stock prices and so on over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group compute VaR by using a historical simulation method and implement relevant control of market risk. The historical simulation method is used to simulate future profit or loss based on the historical fluctuation of the key market risk factors and the sensitivity of current investment portfolio in respect of such risk factors.

The Group has adopted the historical simulation method and set 95% as its confidence level to compute its daily VaR based on historical data of the previous three years, i.e. there is 95% chance that the expected loss based on historical data will not exceed the VaR value regarding the Group's investment portfolio. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

– When there is severe market illiquidity for a prolonged period, the realizable value of the Group's investment portfolio in a trade day may vary from the expected value due to a 1-day time horizon for VaR;

– The assigned confidence level of 95% does not reflect losses that may occur beyond this level. Even within the model used there is a probability that losses could exceed the VaR;

– VaR is calculated on an end-of-day basis and does not reflect intra day exposures;

– The use of historical data as a basis for determining the possible distribution of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

– The VaR measure is dependent upon the Group's position and the market volatility. The VaR of an unchanged position changes if the market volatility changes.

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

VaR analysis by risk categories:

	At 30 June 2016	For the six months ended 30 June 2016		
		Average	**Highest**	**Lowest**
Price-sensitive financial instruments	**7,366,709**	**7,678,636**	**17,219,034**	**2,271,047**
Interest-rate-sensitive financial instruments	**19,916,147**	**22,472,585**	**26,850,923**	**15,675,647**
Exchange-rate-sensitive financial instruments	**10,938,148**	**8,360,300**	**10,938,148**	**5,713,761**
Total portfolio	**26,431,258**	**26,186,368**	**29,997,373**	**21,582,425**

	At 31 December 2015	For the year ended 31 December 2015		
		Average	Highest	Lowest
Price-sensitive financial instruments	11,366,690	7,379,698	13,498,988	3,058,591
Interest-rate-sensitive financial instruments	18,817,474	14,404,938	21,538,018	7,421,385
Exchange-rate-sensitive financial instruments	5,644,320	4,275,177	9,710,264	139,412
Total portfolio	22,454,205	16,735,503	24,481,161	8,944,654

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

(ii) Market risk of non-trading portfolios

(1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits at banks and in clearing houses and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit and equity	
	At 30 June 2016	At 31 December 2015
Change in basis points		
Increase by 50 basis points	**(49,802,342)**	(41,675,673)
Decrease by 50 basis points or decrease to 0	**62,397,323**	42,495,268

The sensitivity analysis is based on the static rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions that:

– The 50 basis points of changes in interest rates at the end of the reporting periods apply to all of the Group's non-trading financial instruments in the next 12 months;

– There is a parallel shift in the yield curve with the changes in interest rate;

– There are no changes to the assets and liabilities portfolios;

– Other variables (including exchange rate) remain unchanged; and

– Risk management measures undertaken by the Group are not considered.

Due to the above assumptions, the actual changes of interest rate and the impact to the Group's net profit and equity might vary from the estimated results of the sensitivity analysis.

(Expressed in RMB, unless otherwise stated)

42 FINANCIAL RISK MANAGEMENT (continued)

(2) Currency risk

Currency risk is the risk arising from the fluctuation of foreign exchange rates. The Group adopts sensitivity analysis to measure currency risk.

Assuming a 10% weakening of the RMB against the USD, the HKD and other currencies at the end of the reporting periods which would apply to the next 12 months with all other variables unchanged and all risk management measures undertaken by the Group set aside, the Group's net profit or loss and equity would have been affected as follows:

		Sensitivity of net profit and equity	
Currency	Changes	**At 30 June 2016**	At 31 December 2015
USD	10%	**(182,394,479)**	(245,253,461)
HKD	10%	**215,274,680**	208,477,797
Others	10%	**(126,015,582)**	(23,635,476)

A 10% strengthening of the RMB against the USD, the HKD and other currencies at the reporting date would have had the equal but opposite effect on the Group's net profit or loss and equity, on the basis that all other variables remain unchanged.

Due to the above assumptions, the actual changes in foreign currency rate and the impact to the Group's net profit or loss and equity might vary from the estimated results of the sensitivity analysis.

43 SUBSEQUENT EVENTS

(a) Issuance of corporate bonds

The Company issued "2016 CICC Corporate Bond" with a total principal amount of RMB 4 billion on 18 July 2016. The corporate bonds are divided into two types:

– Type one bears interest of 2.99% per annum with a principal amount of RMB 3 billion and is repayable on 18 July 2021. The Company has an option to redeem the bonds on 18 July 2019.

– Type two bears interest of 3.29% per annum with a principal amount of RMB 1 billion and is repayable on 18 July 2023. The Company has an option to redeem the bonds on 18 July 2021.

(b) Issuance of subordinated bonds

The Company issued "2016 CICC Subordinated Bond" with a total principal amount of RMB 2 billion on 21 July 2016. The subordinated bond bears interest of 3.25% per annum and is repayable on 21 July 2021. The Company has an option to redeem the bonds on 21 July 2018.

(c) Repayment of subordinated bonds

The Company has redeemed "2013 CICC Subordinated Bond" with a principal amount of RMB 3 billion on 25 July 2016.

(d) Issuance of beneficiary certificates

The Company has issued "CICC Shangpin B No.3", "CICC Index B No.1", "CICC Tongxin No.8", "CICC Shangpin A No.7", "CICC Shangpin A No.8", "CICC Shangpin A No.11" and "CICC Shangpin A No.12" with a total principal amount of RMB 83 million in July 2016.

The Company has issued "CICC Shangpin A No.5", "CICC Shangpin A No.13", "CICC Shangpin A No.14", "CICC Shangpin A No.15", "CICC Tongde No.1", "CICC Jinyintong No.14" and "CICC Jinyintong No.15" with a total principal amount of RMB 1,177 million from 1 August 2016 to 26 August 2016.

(e) Repayment of beneficiary certificates

The Company has redeemed "CICC Jinyintong No.7", "CICC Shangpin A No.1", "CICC Shangpin A No.2" and "CICC Shangpin A No.3" with a total principal amount of RMB 431 million in July 2016.

The Company has redeemed "CICC Shangpin A No.4", "CICC Jinyintong No.8", and "CICC Jinyintong No.9" with a total principal amount of RMB 1,010 million from 1 August 2016 to 26 August 2016.