



中信  
CITIC

Half-year  
Report  
2016

# Our Company

CITIC Limited (SEHK: 00267) is the largest conglomerate in China and a constituent of the Hang Seng Index. Among our diverse businesses, we focus primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate.

Tracing our roots to the beginning of China's opening and reform, we are driven today by the same values that defined our start: a pioneering spirit, a commitment to innovation and a focus on the long term. We embrace world-class technologies and aim always for international best practice. While sectors evolve and economies change, we adapt and our businesses last.

Our platform is unique, and we use its diversity and scale to capture opportunities wherever they emerge — throughout the Chinese economy and around the world. Guiding us as we grow is our fundamental commitment to create long-term value for all of our shareholders.

## Financial Services

CITIC Bank (65.18%)  
CITIC Trust (100%)  
CITIC-Prudential (50%)  
CITIC Securities (16.66%)



## Resources & Energy

CITIC Resources (59.50%)  
CITIC Mining International (100%)  
CITIC Metal (100%)  
CITIC United Asia (100%)  
Sunburst Energy (100%)



## Manufacturing

CITIC Pacific Special Steel (100%)  
CITIC Heavy Industries (67.27%)  
CITIC Dicastal (100%)



**CITIC Limited**  
(00267.HK)

## Engineering Contracting

CITIC Construction (100%)  
CITIC Engineering Design (100%)



## Real Estate

CITIC Pacific Properties (100%)  
CITIC Urban Development & Operation (100%)



## Others

CITIC Telecom International (58.66%)  
Dah Chong Hong (56.07%)  
CITIC Industrial Investment (100%)  
CITIC Environment (100%)



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# Highlights

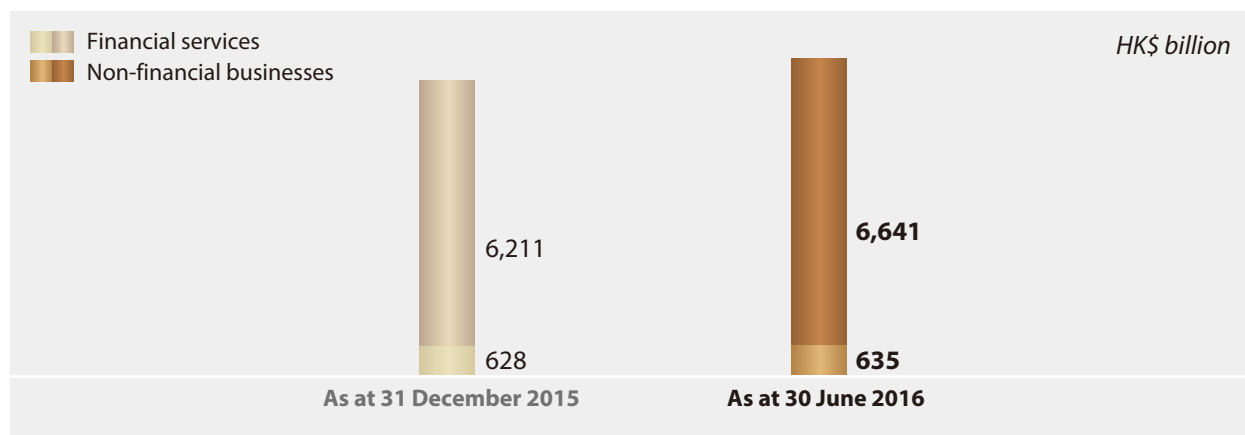
<i>In HK\$ million</i>	Half-year ended 30 June		
	2016	2015 (Restated)	Increase/ (Decrease)
<b>Continuing operations</b>			
<b>Revenue</b>	<b>183,974</b>	196,562	(12,588)
<b>Profit before taxation</b>	<b>48,495</b>	62,767	(14,272)
<b>Profit/(loss) attributable to ordinary shareholders</b>	<b>20,182</b>	37,685	(17,503)
– Continuing operations	<b>24,918</b>	38,171	(13,253)
– Discontinued operations	<b>(4,736)</b>	(486)	(4,250)
<b>Earnings/(loss) per share (HK\$)</b>	<b>0.69</b>	1.51	(0.82)
– Continuing operations	<b>0.85</b>	1.53	(0.68)
– Discontinued operations	<b>(0.16)</b>	(0.02)	(0.14)
<b>Dividend per share (HK\$)</b>	<b>0.10</b>	0.10	–
<b>Net cash generated from operating activities</b>			
	<b>55,624</b>	64,997	(9,373)
– Continuing operations	<b>48,178</b>	69,757	(21,579)
– Discontinued operations	<b>7,446</b>	(4,760)	12,206
<b>Capital expenditure</b>	<b>27,627</b>	34,869	(7,242)

	As at 30 June 2016	As at 31 December 2015	Increase/ (Decrease)
Total assets	<b>7,264,817</b>	6,803,309	461,508
Total liabilities	<b>6,609,200</b>	6,140,140	469,060
<b>Total ordinary shareholders' funds and perpetual capital securities</b>	<b>490,319</b>	492,902	(2,583)

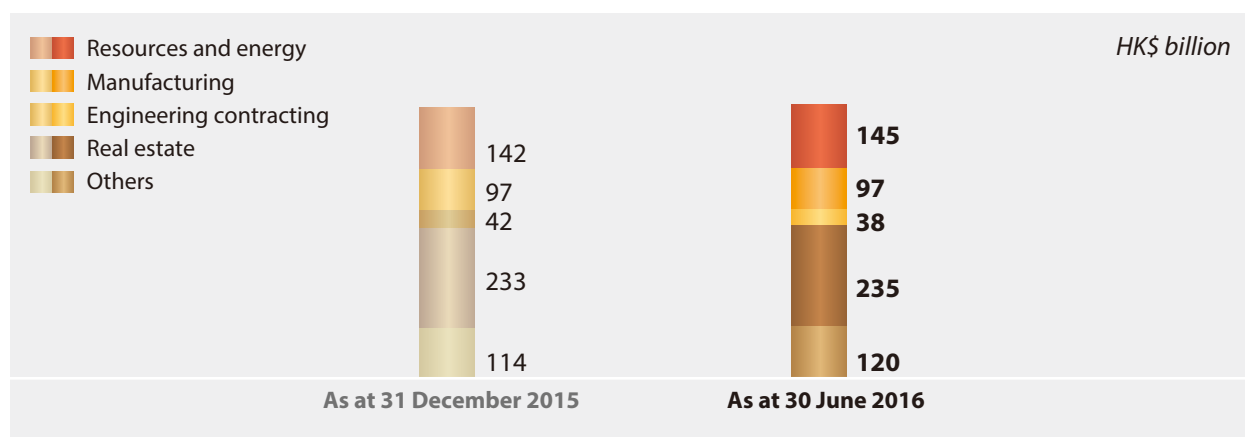
<i>In HK\$ million</i>	Business assets		Revenue from continuing operations		Profit attributable to ordinary shareholders from continuing operations	
	As at 30 June 2016	Increase/ (Decrease) (Note)	Half-year ended 30 June 2016	Increase/ (Decrease)	Half-year ended 30 June 2016	Increase/ (Decrease)
<b>Financial services</b>	<b>6,640,820</b>	429,644	<b>97,040</b>	(6,214)	<b>21,941</b>	(11,376)
<b>Resources and energy</b>	<b>145,321</b>	3,628	<b>21,323</b>	(823)	<b>911</b>	(288)
<b>Manufacturing</b>	<b>96,827</b>	(381)	<b>28,673</b>	(3,663)	<b>1,641</b>	334
<b>Engineering contracting</b>	<b>38,284</b>	(3,961)	<b>6,096</b>	(144)	<b>1,060</b>	65
<b>Real Estate</b>	<b>235,268</b>	2,459	<b>1,641</b>	337	<b>19</b>	(1,201)
<b>Others</b>	<b>120,243</b>	6,505	<b>29,183</b>	(2,007)	<b>2,267</b>	80

Note: As compared with balances as at 31 December 2015.

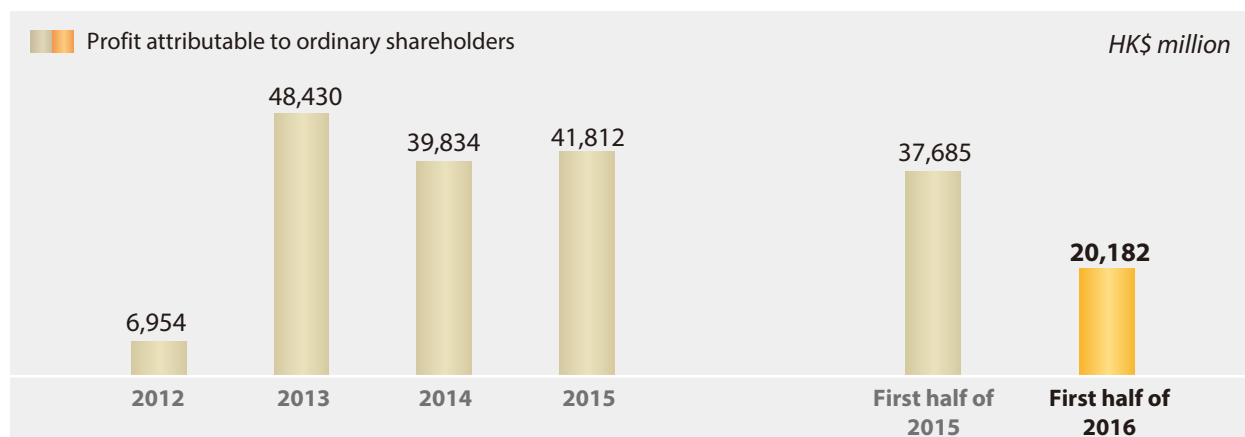
### Assets by business



### Assets of non-financial businesses



### Profit attributable to ordinary shareholders (Note)



Note: Profit attributable to ordinary shareholders for the year 2012 is from the annual reports of the former CITIC Pacific. Those for the years from 2013 to 2015 are from the audited information of CITIC Limited.

## Chairman's Letter to Shareholders



### Dear Shareholders,

The global economic uncertainty and volatility I discussed in my last letter has persisted. Fluctuations in the price of oil are a case in point. In January, oil fell to under US\$30 a barrel, but by June the price had climbed to over US\$50, and since then prices have dipped and recovered. The economies of the United States, Europe and Japan grew in the first half, but slowly. The unexpected outcome of the Brexit referendum created further economic uncertainty but so far Brexit's effects on countries outside the United Kingdom, including China and other Asian nations, have been minimal. We are also keenly watching the outcome of the US presidential election.

By comparison, the Chinese economy has been relatively stable as China continued its transition to a more consumption-led economy. In the first half of 2016, we seized the opportunity to strengthen our existing consumer business — our majority-owned subsidiary Dah Chong Hong — by buying Li & Fung's consumer and healthcare business covering both China and Southeast Asia.

We also proceeded with the sale of our mainland China residential property development business to China Overseas Land & Investment. In March, I said this transaction would allow us to focus on what we do best, which is the development of large integrated projects. Tax and expenses associated with this sale

were charged to the profits of the first half of 2016, whereas a profit on the sale will be recorded upon completion in the second half of this year.

Our company's profit attributable to ordinary shareholders for the first six months of 2016 was HK\$20.2 billion, compared with HK\$37.7 billion in the same period last year. Apart from the expenses related to the property transaction just mentioned, the year-on-year comparison should be considered in the context of a gain recognised in 2015 from the sale of a 3% interest in CITIC Securities, as well as a reduced shareholding in CITIC Bank. A lower profit contribution from CITIC Securities also affected our profitability. In addition, as the vast majority of our assets are in mainland China the depreciation of the Renminbi had a carry-over effect on our reporting currency, which is the Hong Kong dollar.

In June, we raised US\$1.25 billion in long-term US dollar debt in the capital market, thus further improving our balance sheet. This also lowered our overall funding cost and optimised our debt maturity profile. At the end of June, CITIC Limited had more than HK\$21.8 billion in cash and committed facilities, leaving us with sufficient financial resources and flexibility to capture business opportunities as they arise.

The board recommends an interim dividend of HK\$0.10 per share to shareholders.

## Business Performance

The financial services segment contributed HK\$21.9 billion to our profit during the review period, with CITIC Bank accounting for 83% of the total. This compares with the HK\$33.3 billion achieved in the same period last year. The profit of our 16.7% owned associate company, CITIC Securities, declined significantly due to a lacklustre A share market. At CITIC-Prudential, premium income grew but investment income declined, affecting its profitability. CITIC Trust, on the other hand, performed well.

CITIC Bank recorded revenue growth of 12% while profit grew more slowly, reflecting increased provisions made for non-performing loans. In recent years, CITIC Bank has done well focusing on growing non-interest income, which increased by more than 20% in the first half of 2016 compared with the same period last year. With the new normal of slower economic growth in China, the asset quality of Chinese banks is under pressure as they face growing non-performing loans. We are likely to see continued erosion of banks' profitability and capital in the near term. Improving asset quality is a painful process, but in the longer term this process will result in a healthier banking system. In this environment, CITIC Bank continues to work on ensuring that its asset quality and overall risk management systems are best-in-class.

As for our non-financial businesses, the resources and energy sector remained challenged by low commodity prices. Sino Iron, our magnetite iron ore project in Western Australia, made great strides with the commissioning of the last two of its six concentrator lines in late May. Of course, these remain testing times for Sino Iron and the sector in general, as commodity prices are still low. It will be some time before we reach full capacity, but we are encouraged by recent progress. To place the project on a sustainable footing, our focus will be on increasing production rates, reducing operating costs, driving greater efficiencies and resolving outstanding legal issues to protect the interest of all stakeholders.

In manufacturing, overall demand for steel remained weak; however, our special steel business continued to outperform the market. Profit for the half year rose 14% compared with the same period in 2015. CITIC

Pacific Special Steel's achievement can be attributed simply to good management. Its procurement strategy, for example, ensured that the overall cost of raw materials was much lower than the market, enhancing our margin. Export volume also rose by 17% as a result of increased marketing efforts.

In the first six months of 2016, increased demand for Dicastal's products together with stronger marketing efforts contributed to higher sales growth, with a 17% rise in the number of wheels sold over the same period in 2015. Profit margin improved as a result of greater production efficiencies made possible by its highly automated facilities, better product mix as well as a decline in production costs such as gas. CITIC Dicastal registered an impressive 48% increase in profit as compared with the same period last year. To meet the rising demand in China for its casting products, Dicastal is working to have its KSM Chengdu plant up and running in early 2017.

Profit at CITIC Heavy Industries declined significantly in this reporting period as the company continued to experience a slowdown in its traditional customer segments of construction materials, mining and coal. In this challenging environment, CITIC Heavy Industries has been redoubling efforts to transform itself from a pure equipment manufacturer to a total solutions provider. This is paying off as close to 50% of the new contracts signed in the first half of the year were Engineering, Procurement and Construction contracts. In addition, demand has increased for the special purpose robots built by newly-acquired Tangshan Kaicheng, which are being used in firefighting, rescue operations and other emergencies.

Our engineering contracting business recorded profit of HK\$1.1 billion, which included the reversal of a provision taken previously on a project in Algeria. Although most of CITIC Construction's contracts are signed in US dollar, the project in Venezuela was contracted to receive a small portion of the payment in the country's local currency. Therefore, the depreciation of the Venezuelan bolivar in the first half of the year affected CITIC Construction's profit. During the period, four major contracts were signed including a US\$936 million contract for a Kazakhstan highway reconstruction project.

## Capturing Consumer-related Opportunities

The continued rise of China's middle class is leading to increased sales of a wide range of consumer goods and services, from cars and box office tickets to healthcare products. CITIC has long been in the consumer-facing businesses. Our bank offers financial services to retail customers, and our insurance company tailors products to consumers as well. On the non-financial front, we have a publishing business and also cater to the increasing desire of consumers to travel. As we observe the continuing growth of China's consumer economy, Dah Chong Hong represents a valuable platform for capitalising on consumer trends.

Dah Chong Hong, a company listed in Hong Kong with a history of nearly 70 years, distributes motor vehicles and a host of consumer products, ranging from frozen chicken to coffee beans and imported packaged foods. The company operates across Asia with a focus on Greater China. At the moment, the profit contribution from mainland China is quite small but has good potential for growth. Dah Chong Hong's purchase of Li & Fung's consumer and healthcare distribution business this year is a good example of how we are deliberately deepening our exposure to promising consumer growth areas. Dah Chong Hong's enlarged consumer products portfolio will boast a range of leading food, personal care and healthcare brands, giving it an immediate position in Asia's rapidly-growing healthcare market.

## The Power of Data

As you know, I have faith in our conglomerate business model as it provides diversification for our long-term stability. To investors, one of the greatest attractions of the CITIC platform is that our businesses mirror the Chinese economy. How can we continue to leverage this unique platform, particularly in today's era of big data?

Some may know that I am the president of the International Go Federation. Go is a complex game of strategy played in Asia for thousands of years. The year 2016 was particularly interesting for Go fans because a computer program called AlphaGo beat one of the world's best Go players. Although it is common knowledge that machines can calculate faster than even the smartest humans, it was still a big surprise that AlphaGo was able to formulate such strong playing strategies, spot patterns and make winning moves.

There are two key reasons why AlphaGo was able to accomplish what we thought would not be possible for years to come. First, AlphaGo collected and tested a huge number of Go moves and, second, it was backed by a farsighted company — Google. Both the data and the supporting platform were responsible for AlphaGo's subsequent success.

I can see parallels with CITIC. Through our diversified businesses, we already have an impressive data bank with a huge amount of information about customers and economic trends. The CITIC platform is essentially an incubator for our franchises, not unlike Google's backing of AlphaGo. Some investors are not yet convinced of the intrinsic value of our platform and view us simply as a collection of subsidiaries. Yet, if all of our data points can be better and more effectively connected, I believe we will have much greater insights and opportunities as well as the ability to make our businesses more efficient. These can transform CITIC into an enterprise whose value is not merely its access to capital, nor one based on a well-established brand, but an ecosystem that will touch almost every aspect of China's market economy and beyond.

These ideas have potential, and I have gathered a group of experts to further explore the practical applications of the data we have collected.



## Conclusion

Success does not happen overnight — a winning company is the result of persistence, determination and constant effort. It also demands a long-term view. There is no end to competition from others with energy and ideas. It is up to CITIC's management to identify the next move and win in highly competitive markets.

On behalf of the directors, I would like to express my sincere appreciation and gratitude for the dedication and commitment of our employees. I also thank you, our shareholders, for taking a long-term view of our company and prospects, and for having faith in your board and management team to win over time. We will continue to evolve, reform, and create value for you.

A handwritten signature in black ink, appearing to read 'Chang Zhenming' in a stylized cursive script.

**Chang Zhenming**

*Chairman*

Hong Kong, 26 August 2016

# Financial Review

## Overview

### Profit attributable to ordinary shareholders

For the first half of 2016, the Group achieved net profit attributable to ordinary shareholders of HK\$20,182 million, a decrease of HK\$17,503 million, or 46% from the first half of 2015. Excluding the gains recognised for the same period last year as a result of the disposal of 3.16% equity interests in CITIC Securities and the dilution of CITIC Limited's equity interests following the placing of new shares by CITIC Securities, as well as the impact of translation into Hong Kong Dollars, the Company's reporting currency, resulting from the depreciation of Renminbi in the first half of 2016 given CITIC Limited's main operations and assets are in mainland China, a decrease would have been HK\$6,632 million, or 24% from the half of 2015.

The financial services segment recorded net profit attributable to ordinary shareholders of HK\$21,941 million. Excluding the gains recognised for the same period last year as a result of the disposal of equity interests in CITIC Securities and the dilution of CITIC Limited's equity interests following the placing of new shares by CITIC Securities, as well as the impact of translation due to RMB depreciation for the current period, the decrease from the first half of 2015 would have been HK\$395 million or 2%.

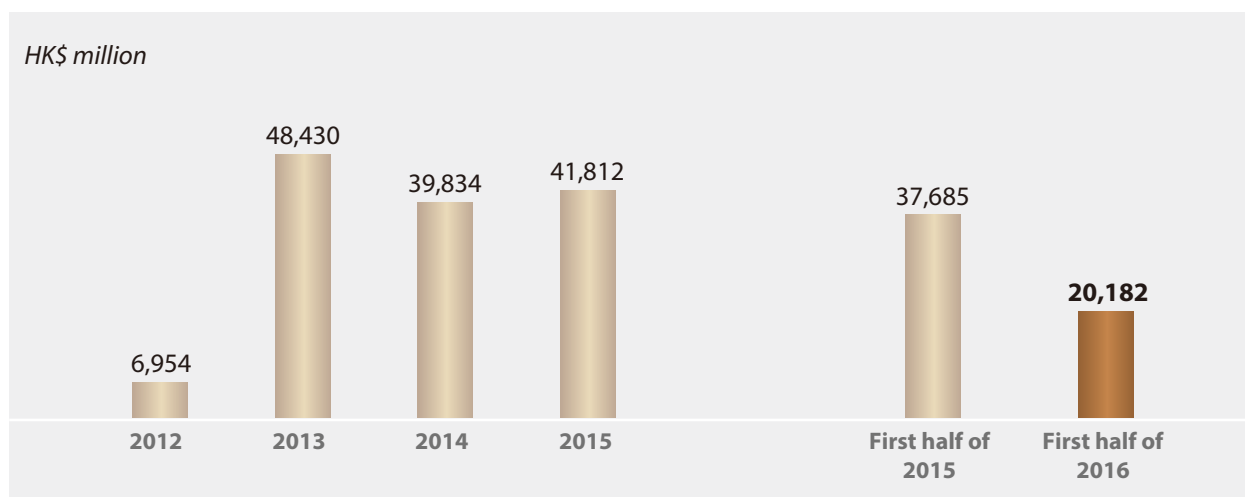
The banking business reported growth in net profit and remained the principal source of profit for the financial services segment. Following RMB depreciation and the introduction of China National Tobacco Corporation as a strategic investor of CITIC Bank during the first half of 2016, the percentage of the Group's shareholdings in CITIC Bank decreased as compared to the same period last year, resulting in a corresponding 5% decrease in net profit of CITIC Bank attributable to the Group. The trust business reported sound performance for the first half of 2016, while the securities business experienced a significant decline in results in line with the overall conditions of China's securities market from the first half of 2015.

For the non-financial segments, the manufacturing business achieved net profit attributable to ordinary shareholders of HK\$1,641 million, an increase of HK\$334 million, or 26% from the first half of 2015. Growth was reported in the special steel, aluminium wheel and aluminium casting businesses.

The engineering contracting business maintained stable performance, contributing net profit attributable to ordinary shareholders of HK\$1,060 million, representing a year-on-year increase of HK\$65 million or 7%.

The resources and energy business recorded net profit attributable to ordinary shareholders of HK\$911 million. There was an increase of HK\$223 million, or 32% compared to the same period last year, excluding gains realised through the release of reserve recognised in previous years upon the acquisition of controlling rights for Jiangsu Ligang Electric Power Limited (江蘇利港電力有限公司) and Jiangyin Ligang Electric Power Generation Company Limited (江陰利港發電股份有限公司) during the same period last year. The growth in profit for the resources and energy business was mainly attributable to the improvements in the crude oil business and bulk commodity trade business from the first half of 2015.

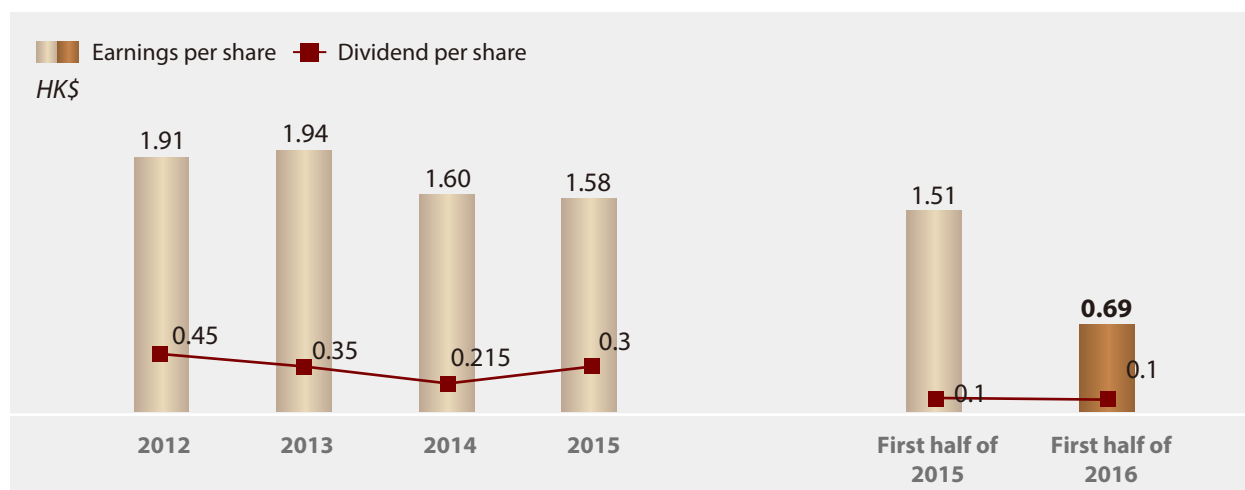
The Group recorded tax liabilities and other expenses relating to reorganisation for the first half of 2016 following its proposed disposal of its residential property projects in Mainland China to China Overseas Land & Investment Limited (COLI). Moreover, profit for the property business also decreased in line with the fewer number of property projects completed and delivered and decrease in valuation gain on investment properties recognised.



### Earnings per share and dividends

Earnings per share of profit attributable to ordinary shareholders was HK\$0.69 in the first half of 2016, an decrease of 54% from HK\$1.51 in the first half of 2015. As at 30 June 2016, the number of ordinary shares outstanding was 29,090,262,630.

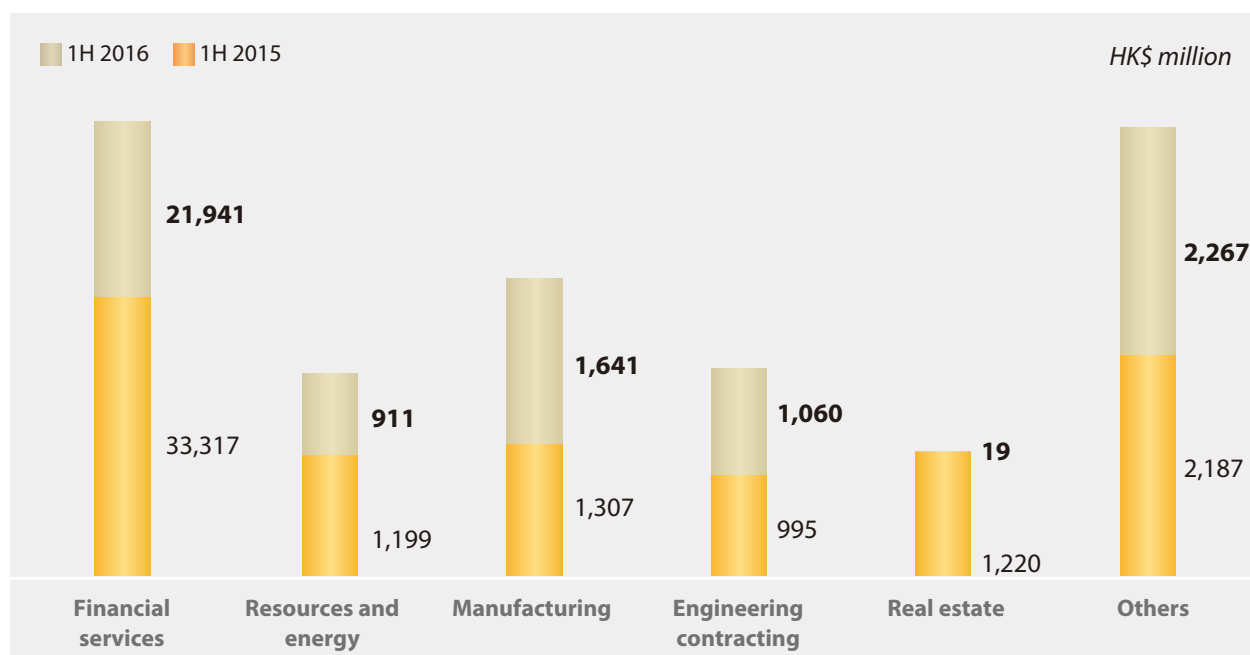
HK\$2,909 million cash will be distributed as an interim dividend. The interim dividend per share of 2016 is HK\$0.10 (interim dividend per share of 2015: HK\$0.10).



## Profit/(loss) and assets by business

In HK\$ million	Profit/(loss) Half-year ended 30 June		Assets	
	2016	2015 (Restated)	As at 30 June 2016	As at 31 December 2015
Financial services	31,756	43,187	6,640,820	6,211,176
Resources and energy	1,251	1,583	145,321	141,693
Manufacturing	1,740	1,437	96,827	97,208
Engineering contracting	1,059	995	38,284	42,245
Real estate	5	1,144	235,268	232,809
Others	2,802	2,713	120,243	113,738
<b>Total</b>	<b>38,613</b>	<b>51,059</b>	<b>7,276,763</b>	<b>6,838,869</b>
Operation management	(2,495)	(1,985)		
Discontinued operations	(4,782)	(611)		
Elimination	34	496		
Profit attributable to non-controlling interests and holders of perpetual capital securities	11,188	11,274		
Profit attributable to ordinary shareholders	20,182	37,685		

## Profit attributable to ordinary shareholders from continuing operations by business



## Financial services

For the first half of 2016, the financial services segment recorded net profit attributable to ordinary shareholders of HK\$21,941 million. Excluding the gains recognised for the same period last year as a result of the disposal of equity interests in CITIC Securities and the dilution of CITIC Limited's equity interests following the placing of new shares by CITIC Securities, as well as the impact of translation due to RMB depreciation, the decrease from the first half of 2015 would have been HK\$395 million or 2%.

The banking business reported growth in net profit and remained the principal source of profit for the financial services segment. CITIC Bank continued to optimise its revenue mix, as the increase in the percentage share of non-interest income contributed to the growth in profit before provision from the first half of 2015. Following the impact of translation due to RMB depreciation, the introduction of China National Tobacco Corporation as a strategic investor of CITIC Bank during the first half of the year, the percentage of the Group's shareholdings in CITIC Bank decreased as compared to the same period last year, resulting in a corresponding 5% decrease in net profit of CITIC Bank attributable to the Group. The trust business reported sound performance for the first half of 2016, sustaining growth in revenue from handling charges and commission compared with the same period of last year. CITIC Securities reported a 58% decrease in net profit, as its securities brokerage, securities investment and credit trading businesses experienced year-on-year decline in results in line with the overall conditions of China's securities market.

## Resources and energy

Volatility in the global market for resources and energy brought challenges to the operation of this business segment of the Group. Although the prices of crude oil and certain other commodities picked up during the first half of 2016, weakness remained when compared with the same period of last year. The Group adopted a number of cost-saving and efficiency enhancement measures to alleviate the impact of low prices. The resources and energy business recorded net profit attributable to ordinary shareholders of HK\$911 million for the first half of 2016. There was an increase of HK\$223 million, or 32% compared to the same period last year, excluding gains realised through the release of reserve recognised in previous years upon the acquisition of controlling rights for Jiangsu Ligang Electric Power Limited (江蘇利港電力有限公司) and Jiangyin Ligang Electric Power Generation Company Limited (江陰利港發電股份有限公司) during the same period last year.

The crude oil business reported to reduce loss with the benefit of multiple, such as the reduction in tax and the implementation of cost control measures. Growth in net profit was driven by the substantial increase in the trade volume of non-ferrous metals, such as iron ore and copper. The 6 production lines of Sino Iron were fully commissioned in May, producing 4.51 million wet metric tonnes of concentrate during the first half of 2016.

## Manufacturing

This business reported satisfactory results, recording net profit attributable to ordinary shareholders of HK\$1,641 million during the first half of 2016, an increase of HK\$334 million or 26% from the first half of 2015.

Special steel maintained its leading position in operating results against the backdrop of a steel industry suffering from decreasing production capacities and prices, as it improved its gross profit margin by cutting its raw material purchase costs and adjusting its product mix.

Aluminium wheels and castings sustained growth in sales while driving steady improvements in gross profit margin through cost control.

Meanwhile, heavy machinery experienced a year-on-year decline in profit amidst sluggish market sentiments and aggravating competition in the market for heavy machinery equipment for the mining, construction materials and metallurgical sector. CITIC Heavy Industries was expediting its process of strategic transformation by actively grooming new growth drivers, as it achieved progress in developing the market for turnkey projects, while the special robotics business of Kaicheng Intelligence provided a new growth niche which partially offset the impact of the decline.

## Engineering contracting

During the first half of 2016, this segment recorded net profit attributable to ordinary shareholders of HK\$1,060 million, an increase of HK\$65 million from the same period last year, mainly due to successive collection of amounts due from the Algerian expressway project and the write-back of certain impairment provisions charged in previous years. However, profit from the project under construction in Venezuela decreased owing to the devaluation of the local currency, while CITIC Engineering Design reported year-on-year profit growth driven by expedited progress in the construction of waste water treatment plant conversion and expansion projects.

## Real estate

The Group recorded tax and other expenses relating to reorganisation for the first half of 2016 following the proposed disposal of its residential property projects in Mainland China to COLI. Moreover, there was also year-on-year decrease in the number of property projects completed and delivered and gains from the revaluation of investment properties. The aforesaid factors resulted in decline in profit for the property business of the Group from the first half of 2015.

The average occupancy rate for investment properties was approximately 95% as at 30 June 2016, which was comparable with preceding years.

The assets and liabilities related to the aforesaid residential property projects under proposed disposal have been classified as held-for-sale, and their operating results and cash flow have been presented under "Discontinued operations of the Group," the details of which are set out in Note 14(a) and Note 35 to the financial statements.

## Others

For the first half of the year, net profit attributable to ordinary shareholders of other businesses amounted to HK\$2,267 million, increasing by HK\$80 million. Net profit contributions were derived mainly from Dah Chong Hong, the international telecommunications service business and gains realised from the disposal of 43.42% equity interests in Shanghai CITIC Guojian Pharmaceutical Industry Company Limited.

Net profit of Dah Chong Hong decreased year-on-year, reflecting the overall slowdown of the automobile market in Hong Kong and weaker performance of the food distribution business in China. The international telecommunications service business reported year-on-year growth in net profit, as revenue from its enterprise solutions segment, which commanded a higher gross profit, increased as a percentage of total revenue. In the meantime, our infrastructure business, including tunnels and expressways, sustained stable results.

CITIC Envirotech, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited of which controlling stakes were acquired by the Group on 24 April 2015, reported substantial year-on-year growth in net profit for the first half of 2016 after expanding its EPC, water treatment and membrane product businesses.

## Group Financial Results

### Revenue

For the first half of 2016, CITIC Limited recorded revenue of HK\$183,974 million from continuous operations, a decrease of HK\$12,588 million or 6%, as compared with the same period last year. Excluding gains of HK\$12.2 billion recognised for the same period last year as a result of the disposal of 3.16% equity interests in CITIC Securities and the dilution of CITIC Limited's equity interests following the placing of new shares by CITIC Securities, as well as the impact of translation due to RMB depreciation for the current period, the increase amounted to HK\$11.2 billion or 6%.

Revenue from financial services was decreased by HK\$6,214 million or 6% to HK\$97,040 million. Excluding gains of HK\$12.2 billion recognised for the same period last year as a result of the disposal of 3.16% equity interests in CITIC Securities and the dilution of CITIC Limited's equity interests following the placing of new shares by CITIC Securities, as well as the impact of translation due to RMB depreciation for the current period, the banking business and trust business in the financial services segment maintained year-on-year growth.

Revenue from iron ore and copper trade and gold re-export grew in line with improved market sentiments, while revenue contributions from the power generation and platinum operations decreased year-on-year, reflecting lower demand and prices compared to the same period last year and partially offsetting the aforesaid growth. Resources and energy reported revenue of HK\$21,323 million, a decrease of HK\$823 million or 4%.

The manufacturing segment recorded revenue of HK\$28,673 million, a decrease of HK\$3,663 million or 11%, reflecting year-on-year growth in sales of aluminium wheels and castings offset by lower average selling prices for the special steel business as compared to the same period last year and the decline in order prices for heavy machinery owing to escalating competition.

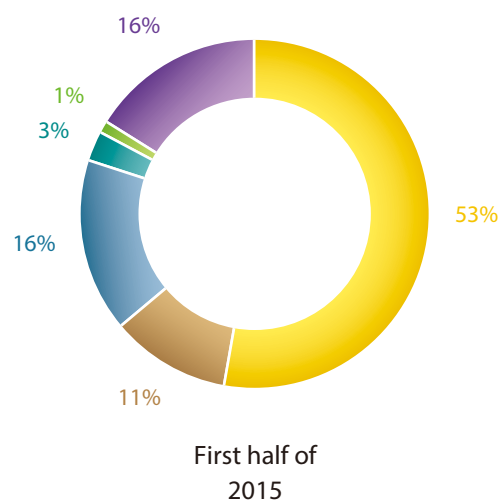
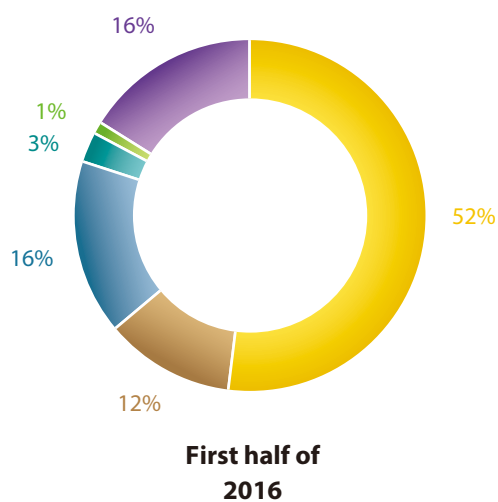
The engineering contracting business recorded revenue of HK\$6,096 million, a year-on-year decrease of HK\$144 million or 2%, as its new projects were in the stage of preparation. There was year-on-year growth in the revenue from domestic engineering projects, such as the waste water treatment plant conversion and expansion project, for the first half of the year.

Revenue from continuous operations of the real estate segment amounted to HK\$1,641 million, a year-on-year increase of HK\$337 million or 26%, reflecting in part the increase in revenue from the closing of projects including the Jiading complex project.

Revenue from other businesses amounted to HK\$29,183 million, a decrease of HK\$2,007 million or 6%, reflecting mainly the decline in Dah Chong Hong's automobile sales in Hong Kong, the food distribution business in China and CITIC Telecom's mobile phone sales. CITIC Envirotech report notable year-on-year increase in revenue on the back of business scale expansion.

Continuing operations <i>In HK\$ million</i>	Half-year ended 30 June		Increase/(decrease)	
	2016	2015 (Restated)	Amount	%
Financial services	<b>97,040</b>	103,254	(6,214)	(6)
Resources and energy	<b>21,323</b>	22,146	(823)	(4)
Manufacturing	<b>28,673</b>	32,336	(3,663)	(11)
Engineering contracting	<b>6,096</b>	6,240	(144)	(2)
Real estate	<b>1,641</b>	1,304	337	26
Others	<b>29,183</b>	31,190	(2,007)	(6)

■ Financial services  
■ Resources and energy  
■ Manufacturing  
■ Engineering contracting  
■ Real estate  
■ Others

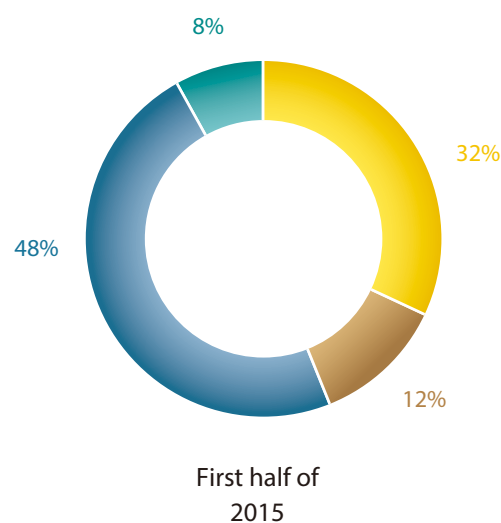
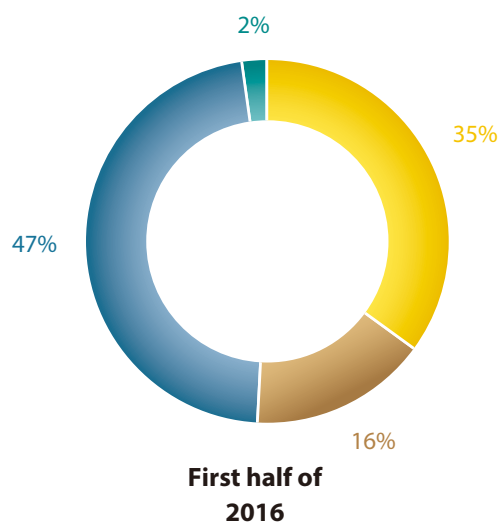




## Revenue by nature

Continuing operations <i>In HK\$ million</i>	Half-year ended 30 June		Increase/(decrease)	
	2016	2015 (Restated)	Amount	%
Net interest income	<b>64,318</b>	63,719	599	1
Net fee and commission income	<b>28,409</b>	23,471	4,938	21
Sales of goods and services	<b>86,934</b>	93,216	(6,282)	(7)
– Sales of goods	<b>69,431</b>	75,301	(5,870)	(8)
– Services rendered to customers	<b>11,827</b>	12,252	(425)	(3)
– Revenue from construction contracts	<b>5,676</b>	5,663	13	0.2
Other revenue	<b>4,313</b>	16,156	(11,843)	(73)

■ Net interest income  
 ■ Net fee and commission income  
 ■ Sales of goods and services  
 ■ Other revenue



## Impairments

In the first half of 2016, the Group recorded an asset impairment of HK\$28,470 million, an increase of HK\$6,808 million, or 31% from the first half of 2015. Of the total impairment, CITIC Bank accounted for HK\$28,424 million, an increase of HK\$7,310 million, or 35% from the same period last year, which mainly includes an HK\$23,559 million impairment on its loans and advances to customers.

## Net finance charges

Finance costs decreased HK\$1,323 million, or 27% from HK\$4,947 million in the first half of 2015 to HK\$3,624 million in the first half of 2016, as a result of a decrease in borrowings of operation management segment and subsidiaries under non-financial segment.

In the first half of 2016, finance income from operation management segment and subsidiaries under non-financial segments amounted to HK\$534 million, mainly came from interest income on bank deposits, a decrease of HK\$746 million, or 58% from the first half of 2015.

## Interest expense capitalised

Interest expense capitalised decreased HK\$639 million, or 66% from HK\$963 million in the first half of 2015 to HK\$324 million in the first half of 2016. This was mainly because that the 6 production lines of Sino Iron were fully commissioned in May, interest expense capitalized decreased correspondingly.

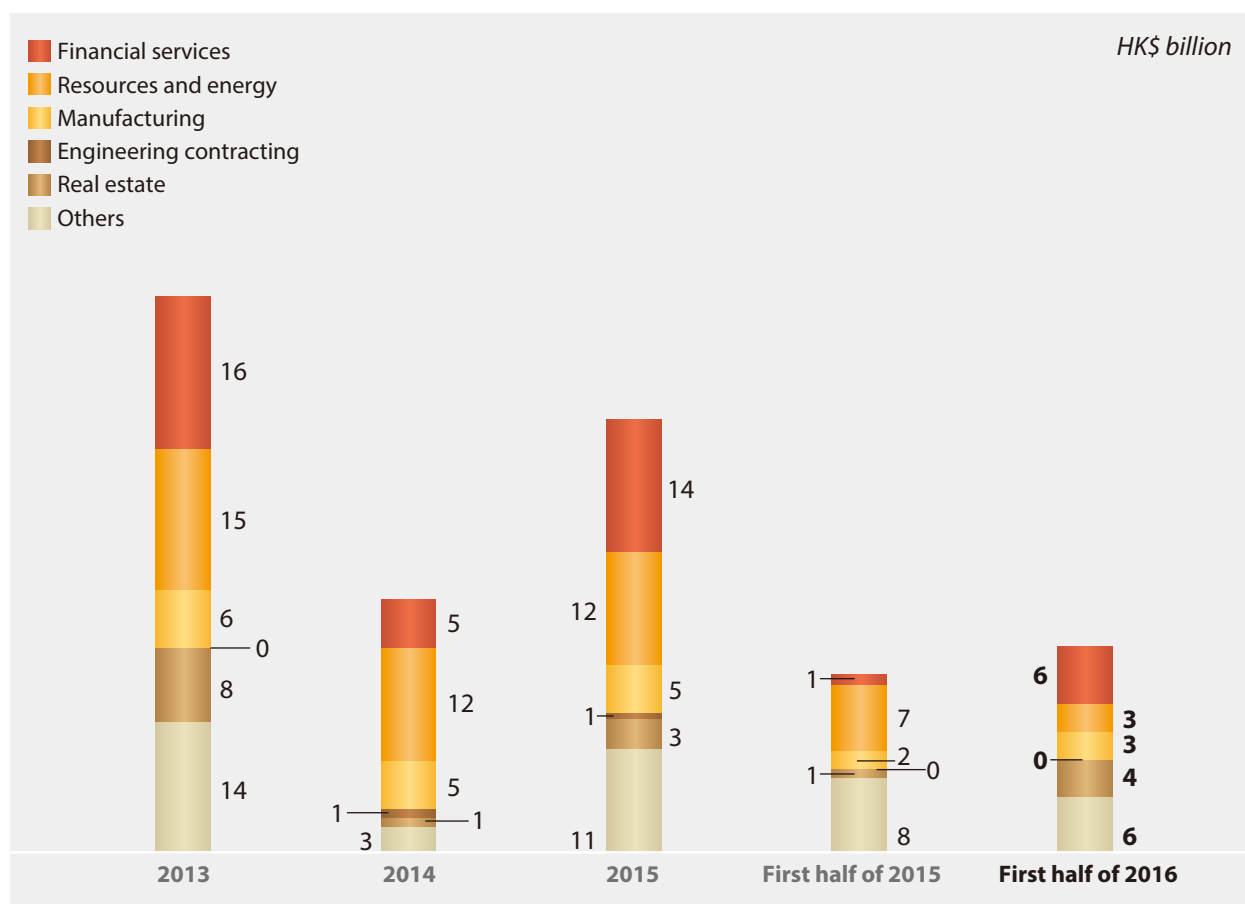
## Income tax

Income tax of the Group in the first half of 2016 was HK\$12,343 million, an decrease of HK\$854 million compared with the same period last year. This was in line with the changes in profit before taxation.

## Group Cash Flows

In HK\$ million	CITIC Limited Half-year ended 30 June				CITIC Bank Half-year ended 30 June			
	2016	2015 (restated)	Increase/ (Decrease)	%	2016	2015	Increase/ (Decrease)	%
<b>Net cash generated from operating activities</b>	<b>55,624</b>	64,997	(9,373)	(14)	<b>59,066</b>	48,298	10,768	22
– Continuing operations	<b>48,178</b>	69,757	(21,579)	(31)	<b>59,066</b>	48,298	10,768	22
– Discontinued operations	<b>7,446</b>	(4,760)	12,206	256	–	–	–	–
<b>Net cash used in investing activities</b>	<b>(101,723)</b>	(142,118)	(40,395)	(28)	<b>(85,397)</b>	(117,133)	(31,736)	(27)
– Continuing operations	<b>(102,451)</b>	(135,519)	(33,068)	(24)	<b>(85,397)</b>	(117,133)	(31,736)	(27)
Including: Proceeds from disposal and redemption of financial investments	<b>334,376</b>	448,014	(113,638)	(25)	<b>308,247</b>	425,890	(117,643)	(28)
Payments for purchase of financial investments	<b>(421,804)</b>	(585,979)	(164,175)	(28)	<b>(389,443)</b>	(540,204)	(150,761)	(28)
– Discontinued operations	<b>728</b>	(6,599)	7,327	111	–	–	–	–
<b>Net cash generated from financing activities</b>	<b>134,039</b>	47,022	87,017	185	<b>134,134</b>	45,340	88,794	196
– Continuing operations	<b>144,180</b>	36,024	108,156	300	<b>134,134</b>	45,340	88,794	196
Including: Proceeds from new bank and other loans and new debt instruments issued	<b>465,868</b>	190,988	274,880	144	<b>401,026</b>	117,171	283,855	242
Repayment of bank and other loans and debt instruments issued	<b>(292,528)</b>	(138,951)	153,577	111	<b>(259,854)</b>	(67,709)	192,145	284
Interest paid on bank and other loans and debt instruments issued	<b>(10,379)</b>	(9,470)	909	10	<b>(6,941)</b>	(4,121)	2,820	68
Dividends paid to ordinary shareholders of the Company	<b>(5,818)</b>	(4,981)	837	17	–	–	–	–
Dividends/distribution paid to non-controlling interests/holders of perpetual capital securities	<b>(1,586)</b>	(2,007)	(421)	(21)	<b>(98)</b>	–	(98)	N/A
– Discontinued operations	<b>(10,141)</b>	10,998	(21,139)	(192)	–	–	–	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>87,940</b>	(30,099)	118,039	392	<b>107,803</b>	(23,495)	131,298	559
<b>Cash and cash equivalents at 1 January</b>	<b>354,111</b>	347,891	6,220	2	<b>270,195</b>	289,496	(19,301)	(7)
<b>Effect of exchange rate changes</b>	<b>(6,224)</b>	1,875	(8,099)	(432)	<b>(4,566)</b>	1,907	(6,473)	(339)
<b>Cash and cash equivalents at 30 June</b>	<b>435,827</b>	319,667	116,160	36	<b>373,432</b>	267,908	105,524	39
– Less: Cash and cash equivalents included in assets of disposal group classified as held for sale at 30 June	<b>(7,792)</b>	–	(7,792)	N/A	–	–	–	–
<b>Cash and cash equivalents of continuing operations at 30 June</b>	<b>428,035</b>	319,667	108,368	34	<b>373,432</b>	267,908	105,524	39

## Capital expenditure



In HK\$ million	Half-year ended 30 June		Increase/(Decrease)	
	2016	2015 (Restated)	Amount	%
Financial services	5,941	1,324	4,617	349
Resources and energy	2,901	6,621	(3,720)	(56)
Manufacturing	2,600	2,425	175	7
Engineering contracting	154	49	105	214
Real estate	4,403	996	3,407	342
Others	5,979	8,225	(2,246)	(27)
<b>Subtotal</b>	<b>21,978</b>	19,640	2,338	12
Real estate development	5,649	15,229	(9,580)	(63)
<b>Total</b>	<b>27,627</b>	34,869	(7,242)	(21)

## Capital commitments

As at 30 June 2016 the contracted capital commitments of the Group amounted to approximately HK\$21,363 million. Details are disclosed in Note 31(f) to the consolidated financial statements.

## Group Financial Position

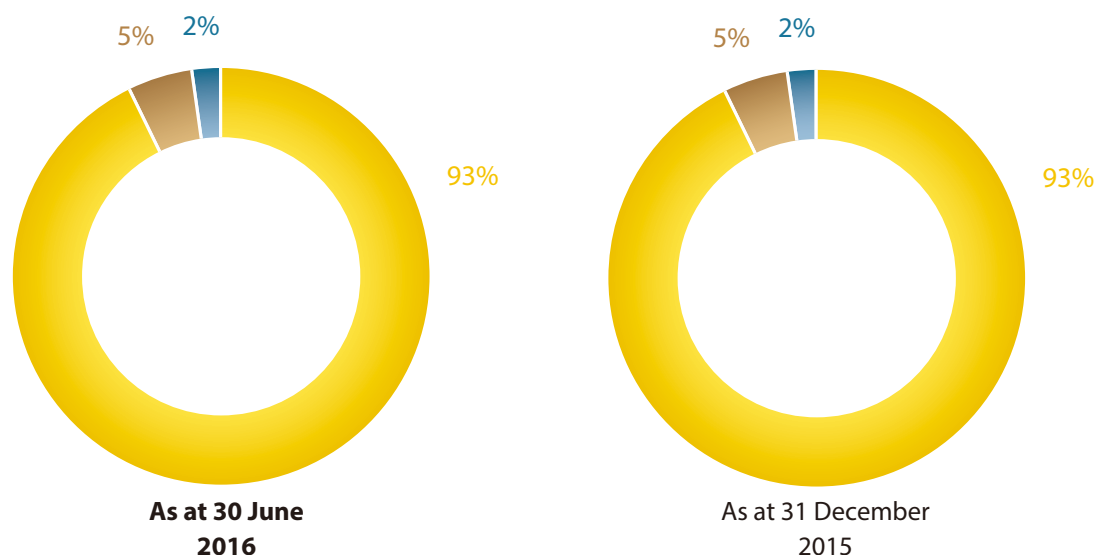
<i>In HK\$ million</i>	<b>As at 30 June 2016</b>	As at 31 December 2015	Increase/(Decrease) Amount	%	Note to the Consolidated Financial Statements
<b>Total assets</b>	<b>7,264,817</b>	6,803,309	461,508	7	
Loans and advances to customers and other parties	<b>3,153,019</b>	2,947,798	205,221	7	19
Investments classified as receivables	<b>1,380,912</b>	1,331,281	49,631	4	22
Cash and deposits	<b>873,526</b>	801,615	71,911	9	15
Available-for-sale financial assets	<b>565,071</b>	494,786	70,285	14	20
Held-to-maturity investments	<b>225,507</b>	216,267	9,240	4	21
Fixed assets	<b>182,151</b>	183,740	(1,589)	(1)	
Inventories	<b>41,589</b>	130,447	(88,858)	(68)	
Assets of disposal group classified as held for sale	<b>135,142</b>	–	135,142	N/A	35
<b>Total liabilities</b>	<b>6,609,200</b>	6,140,140	469,060	8	
Deposits from customers	<b>4,010,328</b>	3,766,848	243,480	6	27
Deposits from banks and non-bank financial institutions	<b>1,339,053</b>	1,275,421	63,632	5	25
Debt instruments issued	<b>609,098</b>	449,772	159,326	35	29
Bank and other loans	<b>110,779</b>	147,221	(36,442)	(25)	28
Liabilities of disposal group classified as held for sale	<b>88,695</b>	–	88,695	N/A	35
<b>Total ordinary shareholders' funds and perpetual capital securities</b>	<b>490,319</b>	492,902	(2,583)	(1)	

## Total assets

Total assets increased from HK\$6,803,309 million as at 31 December 2015 to HK\$7,264,817 million as at 30 June 2016, mainly attributable to an increase in loans and advances to customers and other parties, cash and deposits, and available-for-sale financial assets.

### By geography

■ Mainland China ■ Hong Kong and Macau ■ Overseas



## Loans and advances to customers and other parties

As at 30 June 2016, the net loans and advances to customers and other parties of the Group was HK\$3,153,019 million, an increase of HK\$205,221 million, or 7% compared with 31 December 2015. The proportion of loans and advances to customers and other parties to total assets was 43%, an increase of 0.1% compared with 31 December 2015.

<i>In HK\$ million</i>	As at 30 June 2016	As at 31 December 2015	Increase/(Decrease) Amount	%
Corporate loans	<b>2,194,273</b>	2,115,285	78,988	4
Discounted bills	<b>92,853</b>	110,721	(17,868)	(16)
Personal loans	<b>940,787</b>	798,078	142,709	18
<b>Total loans and advances to customers and other parties</b>	<b>3,227,913</b>	3,024,084	203,829	7
<b>Impairment allowances</b>	<b>(74,894)</b>	(76,286)	(1,392)	(2)
<b>Net loans and advances to customers and other parties</b>	<b>3,153,019</b>	2,947,798	205,221	7

## Deposits from customers

As at 30 June 2016, deposits from customers of the financial institutions under the Group was HK\$4,010,328 million, an increase of HK\$243,480 million, or 6% compared with 31 December 2015. The proportion of deposits from customers to total liabilities was 61%, a decrease of 0.7% compared with 31 December 2015.

<i>In HK\$ million</i>	As at 30 June 2016	As at 31 December 2015	Increase/(Decrease) Amount	%
Corporate deposits				
Time deposits	<b>1,732,262</b>	1,727,112	5,150	0.3
Demand deposits	<b>1,599,146</b>	1,385,738	213,408	15
<b>Subtotal</b>	<b>3,331,408</b>	3,112,850	218,558	7
Personal deposits				
Time deposits	<b>417,527</b>	432,611	(15,084)	(3)
Demand deposits	<b>250,660</b>	213,561	37,099	17
<b>Subtotal</b>	<b>668,187</b>	646,172	22,015	3
Outward remittance and remittance payables	<b>10,733</b>	7,826	2,907	37
<b>Total</b>	<b>4,010,328</b>	3,766,848	243,480	6

## Bank and other loans

<i>In HK\$ million</i>	As at 30 June 2016	As at 31 December 2015	Increase/(Decrease) Amount	%
Financial services	<b>1,704</b>	1,339	365	27
Resources and energy	<b>41,740</b>	42,562	(822)	(2)
Manufacturing	<b>15,477</b>	16,521	(1,044)	(6)
Engineering contracting	<b>1,212</b>	1,282	(70)	(5)
Real estate <sup>(note)</sup>	<b>9,095</b>	85,618	(76,523)	(89)
Others	<b>36,620</b>	37,672	(1,052)	(3)
Operation management	<b>16,262</b>	12,586	3,676	29
Elimination	<b>(11,331)</b>	(50,359)	39,028	(77)
<b>Total</b>	<b>110,779</b>	147,221	(36,442)	(25)

## Debt instruments issued

<i>In HK\$ million</i>	As at 30 June 2016	As at 31 December 2015	Increase/(Decrease) Amount	%
Financial services	<b>480,213</b>	345,120	135,093	39
Resources and energy	<b>702</b>	446	256	57
Manufacturing	<b>4,439</b>	5,033	(594)	(12)
Engineering contracting	–	–	–	–
Real estate <sup>(note)</sup>	–	4,750	(4,750)	(100)
Others	<b>5,385</b>	5,283	102	2
Operation management	<b>119,053</b>	89,804	29,249	33
Elimination	<b>(694)</b>	(664)	(30)	5
<b>Total</b>	<b>609,098</b>	449,772	159,326	35

Note: The Group intends to sell the Group's interest in certain residential real estate projects in the PRC to COLI. As a result, the assets and liabilities related to such residential real estate projects have been presented as disposal group classified as held for sale in the financial statements.

## Total ordinary shareholders' funds and perpetual capital securities

As at 30 June 2016, total ordinary shareholders' funds and perpetual capital securities was HK\$490,319 million, a decreased of HK\$2,583 million. In addition to the redemption of the perpetual capital securities of US\$750 million (HK\$5,850 million) on 15 April 2016 by the company, the decrease mainly was attributable to other comprehensive loss, such as exchange differences on translation of financial statements resulted from RMB depreciation in the currency period.



## Risk Management

In accordance with the Group's development strategy, CITIC Limited has established a risk management system covering all business segments to identify, assess and manage various risks in the Group's business activities.

The risk management system of CITIC Limited is established along the core concepts of risk management and internal control released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the Basic Standard for Enterprise Internal Control jointly issued by five ministries and commissions (Ministry of Finance, CSRC, National Audit Office, CBRC and CIRC) in 2008, as well as relevant guidelines and governmental policies.

The risk management system of CITIC Limited comprises "Four Levels" and "Three Lines of Defence" based on the corporate governance structure. The "Four Levels" are the (i) board of directors, (ii) management and several committees, (iii) risk management functions of CITIC Limited, and (iv) member companies. The "Three Lines of Defence" are the (i) first line of defence comprised by business units of each level of CITIC Limited, (ii) second line of defence comprised by the risk management functions of each level of CITIC Limited, and (iii) third line of defence comprised by the internal audit departments or functions of each level of CITIC Limited.

## Financial Risk

### Governance structure

As a sub-committee of the Executive Committee, the Asset and Liability Management Committee ("ALCO") has been established to monitor financial risks of the Group in accordance with the relevant treasury and financial risk management policies ("management policies"). Relevant departments of CITIC Limited are responsible for communicating and implementing the decisions of ALCO, monitoring the adherence of the management policies and preparing relevant reports. All member companies have the responsibility for identifying and effectively managing their financial risk positions and reporting to the corresponding departments of CITIC Limited on a timely basis, in accordance with the overall risk framework under the management policies and within the scope of authorisation.

Based on the annual budget, ALCO shall review CITIC Limited's financing plan and instruments, oversee fund management and cash flow positions, and manage risks relating to counterparties, interest rates, currencies, commodities, commitments and contingent liabilities, and is responsible for formulating hedging policy and approving the use of new risk management tools.

### Asset and liability management

One of the main functions of ALCO is asset and liability management. CITIC Limited's sources of funds for different businesses include long-term and short-term debt and equity, of which ordinary shares, preferred shares and perpetual securities are the alternative forms of equity financing instruments. CITIC Limited manages its capital structure to finance its overall operations and growth by using different sources of funds. The type of funding is targeted to match the characteristics of our underlying business.

## 1. Debt

ALCO centrally manages and regularly monitors the existing and projected debt levels of CITIC Limited and its major non-financial subsidiaries to ensure that the Group's debt size, structure and cost are at reasonable levels.

As at 30 June 2016, consolidated debt of CITIC Limited<sup>(1)</sup> was HK\$719,877 million, including loans of HK\$110,779 million and debt instruments issued<sup>(2)</sup> of HK\$609,098 million. Debt of the head office of CITIC Limited<sup>(3)</sup> accounted for HK\$66,047 million and debt of CITIC Bank<sup>(4)</sup> HK\$480,212 million. In addition, the head office of CITIC Limited had cash and deposits of HK\$4,829 million and available committed facilities from banks and subsidiaries of HK\$17,000 million.

The details of debt are as follows:

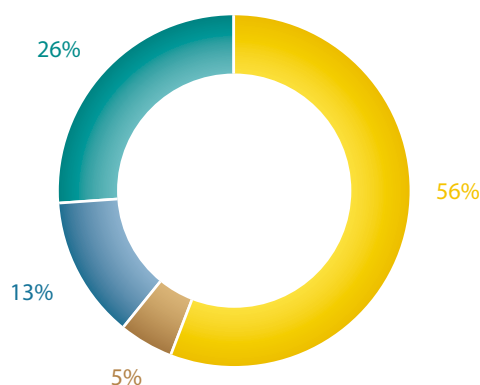
As at 30 June 2016	HK\$ million
Consolidated debt of CITIC Limited	719,877
Among which: Debt of the head office of CITIC Limited	66,047
Debt of CITIC Bank	480,212

Note:

- (1) Consolidated debt of CITIC Limited is the sum of "bank and other loans" and "debt instruments issued" in the Consolidated Balance Sheet of CITIC Limited;
- (2) Debt instruments issued include corporate bonds, notes, subordinated bonds, certificates of deposit and certificates of interbank deposit issued;
- (3) Debt of the head office of CITIC Limited is the sum of "bank and other loans", "long-term borrowings" and "debt instruments issued" in the Balance Sheet of CITIC Limited;
- (4) Debt of CITIC Bank refers to CITIC Bank's consolidated debt securities issued, including long-term debt securities, subordinated bonds, certificates of deposit and certificates of interbank deposit issued.

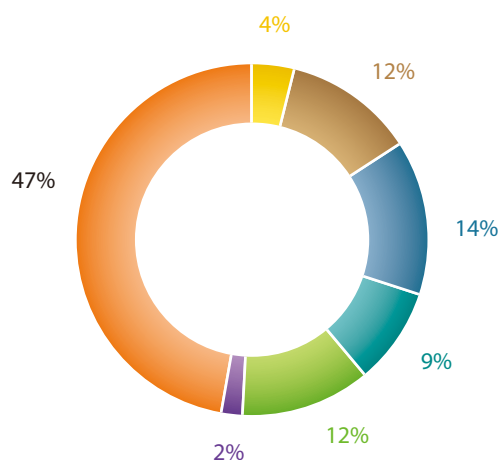
### Consolidated debt by maturity as at 30 June 2016

■ Within one year or on demand
 ■ Between one and two years
 ■ Between two and five years
 ■ Over five years



Consolidated debt by type as at 30 June 2016

■ Loan within one year or on demand  
 ■ Loan over one year  
 ■ Corporate bonds issued  
 ■ Notes issued  
■ Subordinated debt issued  
 ■ Certificate of deposit issued  
 ■ Interbank CD



The debt to equity ratio of CITIC Limited as at 30 June 2016 is as follows:

In HK\$ million	Consolidated	Head office
Debt	719,877	66,047
Total equity <sup>(5)</sup>	655,617	389,589
Debt to equity ratio	110%	17%

Note:

(5) Total consolidated equity is based on the "total equity" in the Consolidated Balance Sheet; Total equity of head office is based on the "total ordinary shareholders' funds and perpetual capital securities" in the Balance Sheet.

## 2. Liquidity risk management

The objective of liquidity risk management is to ensure that CITIC Limited always has sufficient cash to repay its maturing debt, perform other payment obligations and meet other funding requirements for normal business development.

CITIC Limited's liquidity management involves the regular cash flow forecast for the next three years and the consideration of its liquid assets level and new financings necessary to meet future cash flow requirements.

CITIC Limited centrally manages its own liquidity and that of its major non-financial subsidiaries and improves the efficiency of fund utilisation. With flexible access to domestic and overseas markets, CITIC Limited seeks to diversify sources of funding through different financing instruments, in order to raise low-cost funding of medium and long terms, maintain a mix of staggered maturities and minimise refinancing risk.

Details of liquidity risk management are set out in Note 32(b) to the consolidated financial statements.

**3. Contingent liabilities and commitments**

Details of contingent liabilities and commitments of CITIC limited as at 30 June 2016 are set out in Note 31 to the consolidated financial statements.

**4. Pledged loan**

Details of cash and deposits, fixed assets and intangible assets pledged as security for CITIC Limited's loan as at 30 June 2016 are set out in 28(d) to the consolidated financial statements.

**5. Credit ratings**

	Standard & Poor's	Moody's
30 June 2016	A-/Negative	A3/Negative

**Treasury risk management**

Treasury risk management essentially covers the following financial risks inherent in CITIC Limited's businesses:

- Interest rate risk
- Currency risk
- Counterparty risk for financial products
- Commodity risk
- Market price risk

CITIC Limited manages the above risks by using appropriate financial derivatives or other means, and priority will be given to simple, cost-efficient and effective hedge instruments which meet the HKAS 39 in performing treasury risk management responsibilities. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged.

CITIC Limited is committed to establishing a comprehensive and uniform treasury risk management system. Within the group-wide treasury risk management framework, member companies are required to, according to their respective business characteristics and regulatory requirements, implement suitable treasury risk management strategies and procedures and submit reports on a regular and ad hoc basis.

**1. Interest rate risk**

CITIC Limited regularly monitors current and projected interest rate changes, with each of the operating entities of the Group implementing its own interest rate risk management system covering identification, measurement, monitoring and control of market risks. Interest rate risk is managed by taking into account market conditions and controlled at a reasonable level.

For our financial subsidiaries, repricing risk and benchmark risk are the main sources of interest rate risk. Observing the principle of prudent risk appetite, they closely track changes in the macroeconomic situation and internal business structure, continue to optimise the maturity structure of deposits, make timely adjustments to the loan repricing lifecycle, and take the initiative to manage sensitive gaps in interest rates for the overall objective of achieving steady growth both in net interest income and economic value within a tolerable level of interest rate risk.

For our head office and non-financial subsidiaries, the interest rate risk arises primarily from debt. Borrowings at floating rates expose CITIC Limited to cash flow interest rate risk, while borrowings at fixed rates expose CITIC Limited to fair value interest rate risk. Based on its balance sheet and market conditions, CITIC Limited and its non-financial subsidiaries will conduct analysis and sensitivity testing on interest rate risk, adopt a flexible approach in choosing financing instruments at floating and fixed rates, or choose to employ, at the suitable time, the interest rate swaps and other derivative instruments approved for use by the ALCO to manage interest rate risk.

Details of interest rate risk management are set out in Note 32(c) to the consolidated financial statements.

## **2. Currency risk**

CITIC Limited has major operations in mainland China, Hong Kong and Australia, with Renminbi (“RMB”), Hong Kong dollar (“HKD”) and United States dollar (“USD”) as functional currencies respectively. The Group’s member companies are exposed to currency risk from gaps between financial assets and liabilities, future commercial transactions and net investments in foreign operations that are denominated in a currency that is not the member company’s functional currency. The reporting currency of the consolidated financial statements of CITIC Limited is HKD. Translation exposures from the consolidation of subsidiaries, whose functional currency is not HKD, are not hedged by using derivative instruments as no cash exposures are involved.

CITIC Limited measures its currency risk mainly by currency gap analysis. Where it is appropriate, the Group seeks to lower its currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currency or using forward contracts and cross currency swaps, provided that hedging is only considered for firm commitments and highly probable forecast transactions.

Details of currency risk management are set out in Note 32 (d) to the consolidated financial statements.

## **3. Counterparty risk for financial products**

CITIC Limited has business with various financial institutions, including deposits, interbank lending, financial investment products and derivative financial instruments. To mitigate the risk of non-recovery of deposited funds or financial instrument gains, member companies of CITIC Limited approve and adjust the list of counterparties and credit limits of approved financial institutions through internal credit extension processes. Regular report is required.

## **4. Commodity risk**

Some businesses of CITIC Limited involve the production, procurement, and trading of commodities, and they face exposure to price risks of commodities such as iron ore, crude oil, gas and coal.

To manage some of its raw material exposures such as supply shortages and price volatility, CITIC Limited has entered into long-term supply contracts for certain inputs or used plain vanilla futures or forward contracts for hedging. While CITIC Limited views that natural offsetting is being achieved to a certain extent across its different business sectors, it performs continual risk management review to ensure commodity risks are well understood and controlled within its business strategies.

## **5. Market price risk**

CITIC Limited holds investments in financial assets classified as available-for-sale financial assets or financial assets at fair value through profit or loss in the consolidated balance sheet. To control price risks arising from such investments, the Group actively monitors the price changes and diversifies the relevant investment risks through appropriate asset allocation.

## Economic Environment

CITIC Limited operates diversified businesses globally in various countries and regions. As a result, its financial condition, operational results and business prospects are, to a significant degree, subject to the development of both international and domestic economies, as well as the political and legislative environment.

As China's economy is undergoing structural changes, the formation of new growth drivers involves further reforms in a variety of areas, including politics, economy, technology, culture and society. With the sluggish global economic recovery, growth remains soft in the developed economies and tends to be more divergent across regions due to significant differences in inherent structures. In emerging markets, economic growth continues to slow down. The economic rebound is still vulnerable due to the lowering of potential market growth as well as the decline in commodity prices and capital outflows. If negative economic factors appear in countries and regions in which CITIC Limited operates, there might be an adverse impact on its operational results, financial condition and profitability.

## Operational Risk

The financial services segment of the Group covers various sectors, including banking, securities, trust, insurance and asset management. As information technology is widely applied in the modern financial services industry, the reliability of computer systems, computer networks and information management software is essential to both traditional financial and innovative businesses. Unreliable information technology systems or underdeveloped network technologies may result in inefficient trading systems, business interruption, or loss of important information, thus affecting the reputation and service quality of financial institutions and even incurring economic losses and legal disputes.

CITIC Limited carries out resources and energy, manufacturing, engineering contracting, real estate and other businesses in countries and regions across the world, and these businesses might continue to encounter a diversity of operational difficulties. Certain difficulties, if beyond the control of CITIC Limited, might result in production delays or increases in production costs. These operational risks include delay of government payments, deterioration of tax policies, labour disputes, unforeseen technical failures, various disasters and emergencies, unexpected changes in mineral, geological or mining conditions, pollution and other environmental damage, as well as potential disputes with foreign partners, customers, subcontractors, suppliers or local residents or communities. Such risks would cause damage or loss to the relevant businesses of CITIC Limited, which in turn could adversely affect its operations, financial condition and profitability.

## Credit Risk

With the proliferation of new market entities, innovative business models, new products, businesses and counterparties, credit risks could increase in both width and complexity. In this unpredictable economic climate, with extensive business operations and counterparties, the Group pays close attention to market developments and credit risks arising from business partners. If the Group fails to investigate and prevent such risks, they may have an adverse impact on its operations, financial condition and profitability.

## Competitive Markets

CITIC Limited operates in highly competitive markets. Failure to compete in terms of product specifications, service quality, reliability or price may have an adverse impact on the Group.

- The financial services business faces fierce competition from domestic and international commercial banks and other financial institutions.
- The engineering contracting business is challenged by global peers as well as China's large state-owned enterprises and private companies.
- Resources and energy, manufacturing, real estate operations, and other businesses in different sectors also face severe competition over resources, technologies, prices and services.

Intensification of competition might result in lower product prices, narrower profit margins as well as loss of market share for CITIC Limited.

## Other External Risks and Uncertainties

### Impact of local, national and international laws and regulations

CITIC Limited faces local business risks in different countries and regions. Such risks might have a significant impact on the financial condition, operations and business prospects of CITIC Limited in the relevant markets. The investments of CITIC Limited in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investment of CITIC Limited, and delay or impede its business operations and hence adversely affect revenue and profit.

### Impact of new accounting standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") issues new and revised Hong Kong Financial Reporting Standards ("HKFRSs") from time to time. As the accounting standards continue to evolve, HKICPA might further issue new and revised HKFRSs in the future. The new accounting policies, if required to be adopted by CITIC Limited, could have a significant impact on its financial condition and operations.

## **Natural disasters or events, terrorism and diseases**

The business of CITIC Limited could be affected by events such as earthquakes, typhoons, tropical cyclones, inclement weather, acts or threats of terrorism, or outbreaks of highly contagious diseases, which would directly or indirectly reduce the supply of essential goods or services or reduce economic activities on a local, regional or global scale. Any of these disasters might damage the businesses of CITIC Limited, which would have a material adverse impact on the financial condition and operations of CITIC Limited.

The entire Group is committed to constantly improving its risk monitoring and management mechanism in order to promote risk identification and assessment at all levels; strengthen risk assessment and monitoring of major projects and key businesses; and manage counterparty credit risks. CITIC Limited stays fully informed of the operations, financial condition and major business progress of its subsidiaries through off-site monitoring, on-site inspections and other means to assess the risks that may arise. Through risk reports on weaknesses and potential risks, CITIC Limited supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.



# Human Resources

## Equality

In adherence to our people-oriented principles, we offer equal opportunities in employment, career advancement, remuneration and benefits, as well as training and development to provide a broad platform for the diversified development of our employees. As part of our active efforts to foster a harmonious employer-employee relationship, we operate against any discrimination in connection with ethnicity, nationality, religion, physical disability or gender, while child or forced labour is strictly forbidden.

## Incentives

Our remuneration policy is results-based and market-oriented, formulated under the guidance of remuneration policies of local governments of regions where we operate and with reference to data on remuneration furnished by professional consulting agencies. It takes into account all factors and seeks balance between internal and external requirements, placing equal emphasis on the market-competitiveness of our remuneration and fairness among employees.

We have adopted a market-based incentive and appraisal system that links staff remuneration with business results. Decisions regarding human resources, such as those in relation to remuneration adjustment, bonus allocation, promotion, training and incentives, are made on the basis of a scientifically performance appraisal mechanism.

We are in stringent compliance with the requirements of local governments in relation to staff insurance, benefit plans, work hours and annual leave provisions, and provide social insurance with full-coverage. Most subsidiaries also offer additional benefits and insurance coverage for staff, such as corporate annuities (supplementary pension insurance) and supplementary medical insurance.

## Training

Staff training is a top priority for CITIC, which endeavours to provide different channels for staff training to enhance the expertise of its employees and maximise the ability to add value in all employees. With the establishment of CITIC School of Management, we are actively building a staff training platform and regime bearing CITIC characteristics and complementary to its business development. We have organised a number of premium training projects in solid implementation of our talent strategy, and held our first training session for Hong Kong employees.

## Past Performance and Forward Looking Statements

Performance and results of the operations of CITIC Limited for previous years described within this Half-Year Report are historical in nature. Past performance is no guarantee of the future results of CITIC Limited. This Half-Year Report may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of CITIC Limited, the Directors, employees or agents assumes (a) any obligation to correct or update any forward-looking statements or opinions contained in this Half-Year Report; and (b) any liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

## Consolidated Income Statement

For the six months ended 30 June 2016

	Note	Unaudited	
		2016	2015
		HK\$ million	HK\$ million (Restated)
<b>Continuing operations</b>			
Interest income		<b>128,784</b>	136,793
Interest expenses		<b>(64,466)</b>	(73,074)
<b>Net interest income</b>	5(a)	<b>64,318</b>	63,719
Fee and commission income		<b>29,680</b>	24,640
Fee and commission expenses		<b>(1,271)</b>	(1,169)
<b>Net fee and commission income</b>	5(b)	<b>28,409</b>	23,471
Sales of goods and services	5(c)	<b>86,934</b>	93,216
Other revenue	5(d)	<b>4,313</b>	16,156
		<b>91,247</b>	109,372
<b>Total revenue</b>		<b>183,974</b>	196,562
Cost of sales and services	6	<b>(72,158)</b>	(77,420)
Other net income	7	<b>3,595</b>	4,722
Impairment losses on			
– Loans and advances to customers		<b>(23,632)</b>	(19,996)
– Others		<b>(4,838)</b>	(1,666)
Other operating expenses	9	<b>(37,352)</b>	(39,914)
Net valuation gain on investment properties		<b>171</b>	382
Share of profits of associates, net of tax		<b>957</b>	3,215
Share of profits of joint ventures, net of tax		<b>868</b>	549
<b>Profit before net finance charges and taxation</b>		<b>51,585</b>	66,434
Finance income		<b>534</b>	1,280
Finance costs		<b>(3,624)</b>	(4,947)
<b>Net finance charges</b>	8	<b>(3,090)</b>	(3,667)
<b>Profit before taxation</b>	9	<b>48,495</b>	62,767
Income tax	10	<b>(12,343)</b>	(13,197)
<b>Profit for the period from continuing operations</b>		<b>36,152</b>	49,570
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	35	<b>(4,782)</b>	(611)
<b>Profit for the period</b>		<b>31,370</b>	48,959

## Consolidated Income Statement

For the six months ended 30 June 2016

	Note	Unaudited	
		Six months ended 30 June	
		2016	2015
		HK\$ million	HK\$ million (Restated)
<b>Profit for the period</b>		<b>31,370</b>	48,959
<b>Attributable to:</b>			
– Ordinary shareholders of the Company		<b>20,182</b>	37,685
– Holders of perpetual capital securities		<b>460</b>	565
– Non-controlling interests		<b>10,728</b>	10,709
<b>Profit for the period</b>		<b>31,370</b>	48,959
<b>Profit/(loss) attributable to ordinary shareholders of the Company arising from:</b>			
– Continuing operations		<b>24,918</b>	38,171
– Discontinued operations		<b>(4,736)</b>	(486)
		<b>20,182</b>	37,685
<b>Basic and diluted earnings per share for profit/(loss) attributable to ordinary shareholders of the Company during the period (HK\$):</b>	12		
– Continuing operations		<b>0.85</b>	1.53
– Discontinued operations		<b>(0.16)</b>	(0.02)
		<b>0.69</b>	1.51

The notes on pages 43 to 117 form part of these condensed unaudited consolidated interim accounts.

## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June	
		2016 HK\$ million	2015 HK\$ million (Restated)
<b>Profit for the period</b>		<b>31,370</b>	48,959
<b>Other comprehensive (loss)/income for the period (after tax and reclassification adjustments)</b>	13		
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets: net movement in the fair value reserve		(2,653)	183
Cash flow hedge: net movement in the hedging reserve		(447)	320
Share of other comprehensive loss of associates and joint ventures: exchange differences on translation of financial statements and others		(581)	(509)
Exchange differences on translation of financial statements and others		(11,545)	2
Items that have not been reclassified or may not be reclassified subsequently to profit or loss:			
Reclassification of owner-occupied property as investment property: revaluation gain		11	–
<b>Other comprehensive loss for the period, net of tax</b>		<b>(15,215)</b>	(4)
<b>Total comprehensive income for the period</b>		<b>16,155</b>	48,955
<b>Attributable to:</b>			
Ordinary shareholders of the Company		9,331	37,406
Holders of perpetual capital securities		460	565
Non-controlling interests		6,364	10,984
<b>Total comprehensive income for the period</b>		<b>16,155</b>	48,955
<b>Total comprehensive income/(loss) attributable to ordinary shareholders of the Company arising from:</b>			
– Continuing operations		14,275	37,888
– Discontinued operations		(4,944)	(482)
		<b>9,331</b>	37,406

The notes on pages 43 to 117 form part of these condensed unaudited consolidated interim accounts.

## Consolidated Balance Sheet

As at 30 June 2016

	Note	30 June 2016 HK\$ million (Unaudited)	31 December 2015 HK\$ million (Audited)
<b>Assets</b>			
Cash and deposits	15	<b>873,526</b>	801,615
Placements with banks and non-bank financial institutions		<b>128,762</b>	141,775
Financial assets at fair value through profit or loss	16	<b>74,285</b>	40,391
Derivative financial instruments	17	<b>26,976</b>	16,509
Trade and other receivables	18	<b>134,665</b>	141,347
Amounts due from customers for contract work		<b>1,451</b>	2,234
Inventories		<b>41,589</b>	130,447
Financial assets held under resale agreements		<b>113,199</b>	165,391
Loans and advances to customers and other parties	19	<b>3,153,019</b>	2,947,798
Available-for-sale financial assets	20	<b>565,071</b>	494,786
Held-to-maturity investments	21	<b>225,507</b>	216,267
Investments classified as receivables	22	<b>1,380,912</b>	1,331,281
Interests in associates	23	<b>53,597</b>	50,663
Interests in joint ventures	24	<b>19,058</b>	22,701
Fixed assets		<b>182,151</b>	183,740
Investment properties		<b>26,820</b>	28,508
Intangible assets		<b>20,420</b>	20,572
Goodwill		<b>22,052</b>	19,481
Deferred tax assets		<b>27,597</b>	27,761
Other assets		<b>59,018</b>	20,042
Assets of disposal group classified as held for sale	35	<b>135,142</b>	–
<b>Total assets</b>		<b>7,264,817</b>	6,803,309

## Consolidated Balance Sheet

As at 30 June 2016

	Note	30 June 2016 HK\$ million (Unaudited)	31 December 2015 HK\$ million (Audited)
<b>Liabilities</b>			
Borrowing from central banks		91,380	44,761
Deposits from banks and non-bank financial institutions	25	1,339,053	1,275,421
Placements from banks and non-bank financial institutions		56,813	58,141
Financial liabilities at fair value through profit or loss		119	–
Derivative financial instruments	17	32,847	17,475
Trade and other payables	26	196,246	230,636
Amounts due to customers for contract work		4,125	7,224
Financial assets sold under repurchase agreements		22,536	84,949
Deposits from customers	27	4,010,328	3,766,848
Employee benefits payables		15,261	18,156
Income tax payable		7,123	9,414
Bank and other loans	28	110,779	147,221
Debt instruments issued	29	609,098	449,772
Provisions		3,911	3,567
Deferred tax liabilities		6,395	6,998
Other liabilities		14,491	19,557
Liabilities of disposal group classified as held for sale	35	88,695	–
<b>Total liabilities</b>		<b>6,609,200</b>	<b>6,140,140</b>
<b>Equity</b>			
	30		
Share capital		381,710	381,710
Perpetual capital securities		7,879	13,836
Reserves		100,730	97,356
<b>Total ordinary shareholders' funds and perpetual capital securities</b>		<b>490,319</b>	<b>492,902</b>
Non-controlling interests		165,298	170,267
<b>Total equity</b>		<b>655,617</b>	<b>663,169</b>
<b>Total liabilities and equity</b>		<b>7,264,817</b>	<b>6,803,309</b>

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

Director: **Chang Zhenming**

Director: **Wang Jiong**

The notes on pages 43 to 117 form part of these condensed unaudited consolidated interim accounts.

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Note	Share capital HK\$ million	Perpetual capital securities HK\$ million	Capital reserve HK\$ million	Hedging reserve HK\$ million	Investment related reserves HK\$ million	General reserve HK\$ million	Retained earnings HK\$ million	Exchange reserve HK\$ million	Total HK\$ million	Non-controlling interests HK\$ million	Total equity HK\$ million
<b>Six months ended 30 June 2016 (unaudited)</b>												
<b>Balance at 1 January 2016</b>		<b>381,710</b>	<b>13,836</b>	<b>(65,387)</b>	<b>294</b>	<b>4,306</b>	<b>37,013</b>	<b>131,132</b>	<b>(10,002)</b>	<b>492,902</b>	<b>170,267</b>	<b>663,169</b>
Profit for the period	9	-	460	-	-	-	-	20,182	-	20,642	10,728	31,370
Other comprehensive loss for the period	13	-	-	-	(458)	(2,116)	-	-	(8,277)	(10,851)	(4,364)	(15,215)
<b>Total comprehensive income/(loss) for the period</b>		<b>-</b>	<b>460</b>	<b>-</b>	<b>(458)</b>	<b>(2,116)</b>	<b>-</b>	<b>20,182</b>	<b>(8,277)</b>	<b>9,791</b>	<b>6,364</b>	<b>16,155</b>
Capital injection by non-controlling interests		-	-	-	-	-	-	-	-	-	129	129
Redemption of perpetual capital securities	30(b)	-	(5,850)	-	-	-	-	-	-	(5,850)	-	(5,850)
Dividends paid to ordinary shareholders of the Company	11	-	-	-	-	-	-	(5,818)	-	(5,818)	-	(5,818)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(6,237)	(6,237)
Distribution to holders of perpetual capital securities		-	(567)	-	-	-	-	-	-	(567)	-	(567)
New subsidiaries		-	-	-	-	-	-	-	-	-	147	147
Transactions with non-controlling interests	36	-	-	(232)	-	-	-	-	-	(232)	(5,399)	(5,631)
Others		-	-	93	-	-	-	-	-	93	27	120
<b>Other changes in equity</b>		<b>-</b>	<b>(6,417)</b>	<b>(139)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,818)</b>	<b>-</b>	<b>(12,374)</b>	<b>(11,333)</b>	<b>(23,707)</b>
<b>Balance at 30 June 2016</b>		<b>381,710</b>	<b>7,879</b>	<b>(65,526)</b>	<b>(164)</b>	<b>2,190</b>	<b>37,013</b>	<b>145,496</b>	<b>(18,279)</b>	<b>490,319</b>	<b>165,298</b>	<b>655,617</b>



## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Note	Share capital HK\$ million	Perpetual capital securities HK\$ million	Capital reserve HK\$ million	Hedging reserve HK\$ million	Investment related reserves HK\$ million	General reserve HK\$ million	Retained earnings HK\$ million	Exchange reserve HK\$ million	Total HK\$ million	Non-controlling interests HK\$ million	Total equity HK\$ million
<b>Six months ended</b>												
<b>30 June 2015</b>												
<b>(unaudited)</b>												
<b>Balance at 1 January</b>												
<b>2015</b>		324,198	13,834	(60,869)	92	4,885	24,836	109,387	15,597	431,960	143,547	575,507
Profit for the period	9	-	565	-	-	-	-	37,685	-	38,250	10,709	48,959
Other comprehensive income/(loss) for the period	13	-	-	-	285	(398)	-	-	(166)	(279)	275	(4)
<b>Total comprehensive income/(loss) for the period</b>		-	565	-	285	(398)	-	37,685	(166)	37,971	10,984	48,955
Capital injection by non-controlling interests		-	-	-	-	-	-	-	-	-	4,152	4,152
Dividends paid to ordinary shareholders of the Company	11	-	-	-	-	-	-	(4,981)	-	(4,981)	-	(4,981)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,888)	(1,888)
Distribution to holders of perpetual capital securities		-	(567)	-	-	-	-	-	-	(567)	-	(567)
New subsidiaries		-	-	-	-	-	-	-	-	-	2,966	2,966
Put options issued in business combinations		-	-	(3,034)	-	-	-	-	-	(3,034)	-	(3,034)
Others		-	-	2	-	-	-	-	-	2	34	36
<b>Other changes in equity</b>		-	(567)	(3,032)	-	-	-	(4,981)	-	(8,580)	5,264	(3,316)
<b>Balance at 30 June 2015</b>		324,198	13,832	(63,901)	377	4,487	24,836	142,091	15,431	461,351	159,795	621,146

The notes on pages 43 to 117 form part of these condensed unaudited consolidated interim accounts.

## Consolidated Cash Flow Statement

For the six months ended 30 June 2016

	Note	Unaudited	
		2016	2015
		HK\$ million	HK\$ million (Restated)
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations		<b>48,495</b>	62,767
Adjustments for:			
– Depreciation and amortisation	9(b)	<b>5,570</b>	5,726
– Impairment losses		<b>28,470</b>	21,662
– Net valuation gain on investment properties		<b>(171)</b>	(382)
– Net valuation gain on investments		<b>(210)</b>	(241)
– Share of profits of associates and joint ventures, net of tax		<b>(1,825)</b>	(3,764)
– Interest expenses on debt instruments issued	5(a)	<b>7,819</b>	4,816
– Finance income	8	<b>(534)</b>	(1,280)
– Finance costs	8	<b>3,624</b>	4,947
– Net gain on available-for-sale financial assets		<b>(2,019)</b>	(3,525)
– Net gain on disposal of subsidiaries, associates and joint ventures		<b>(2,029)</b>	(13,160)
		<b>87,190</b>	77,566
<b>Changes in working capital</b>			
(Increase)/decrease in deposits with central banks and non-bank financial institutions		<b>(12,918)</b>	30,273
Increase in placements with banks and non-bank financial institutions		<b>(2,652)</b>	(31,016)
Increase in financial assets at fair value through profit or loss and derivative financial assets		<b>(32,322)</b>	(8,528)
Increase in trade and other receivables		<b>(8,893)</b>	(13,526)
Decrease/(increase) in amounts due from customers for contract work		<b>783</b>	(219)
Increase in inventories		<b>(5,012)</b>	(3,975)
Decrease in financial assets held under resale agreements		<b>51,404</b>	72,454
Increase in loans and advances to customers and other parties		<b>(286,866)</b>	(170,120)
Increase in investments classified as receivables		<b>(78,840)</b>	(314,781)
Increase in other assets		<b>(42,130)</b>	(14,387)
Increase in deposits from banks and non-bank financial institutions		<b>89,970</b>	273,120
(Decrease)/increase in placements from banks and non-bank financial institutions		<b>(210)</b>	1,026
Increase/(decrease) in financial liabilities at fair value through profit or loss and derivative financial liabilities		<b>15,493</b>	(725)

## Consolidated Cash Flow Statement

For the six months ended 30 June 2016

	Note	Unaudited	
		2016	2015
		HK\$ million	HK\$ million (Restated)
(Decrease)/increase in trade and other payables		(5,039)	4,560
Decrease in amounts due to customers for contract work		(3,099)	(1,978)
Decrease in financial assets sold under repurchase agreements		(61,774)	(43,928)
Increase in deposits from customers		313,666	286,528
Increase/(decrease) in borrowing from central bank		48,317	(50,600)
Decrease in other liabilities		(1,705)	(3,136)
Decrease in employee benefits payables		(2,895)	(2,345)
Increase/(decrease) in provisions		344	(338)
<b>Cash generated from operating activities of continuing operations</b>		<b>62,812</b>	<b>85,925</b>
Income tax paid		(14,634)	(16,168)
<b>Net cash generated from operating activities of continuing operations</b>		<b>48,178</b>	<b>69,757</b>
<b>Net cash generated from/(used in) operating activities of discontinued operations</b>		<b>7,446</b>	<b>(4,760)</b>
<b>Net cash generated from operating activities</b>		<b>55,624</b>	<b>64,997</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal and redemption of financial investments		334,376	448,014
Proceeds from disposal of fixed assets, intangible assets and other assets		364	136
Proceeds from disposal of associates and joint ventures		3,246	14,360
Net cash received from disposal of subsidiaries		–	1,236
Dividends received from equity investments, associates and joint ventures		914	2,813
Payments for purchase of financial investments		(421,804)	(585,979)
Payments for additions of fixed assets, intangible assets and other assets		(11,940)	(12,237)
Net cash payment for acquisition of subsidiaries, associates and joint ventures		(7,607)	(3,862)
<b>Net cash used in investing activities of continuing operations</b>		<b>(102,451)</b>	<b>(135,519)</b>
<b>Net cash generated from/(used in) investing activities of discontinued operations</b>		<b>728</b>	<b>(6,599)</b>
<b>Net cash used in investing activities</b>		<b>(101,723)</b>	<b>(142,118)</b>

## Consolidated Cash Flow Statement

For the six months ended 30 June 2016

	Note	Unaudited	
		2016	2015
		HK\$ million	HK\$ million (Restated)
<b>Cash flows from financing activities</b>			
Capital injection received from non-controlling interests		104	445
Transactions with non-controlling interests	36	(5,631)	–
Proceeds from new bank and other loans		29,195	69,388
Repayment of bank and other loans and debt instruments issued		(292,528)	(138,951)
Proceeds from new debt instruments issued		436,673	121,600
Interest paid on bank and other loans and debt instruments issued		(10,379)	(9,470)
Dividends paid to non-controlling interests		(1,019)	(1,440)
Dividends paid to ordinary shareholders of the Company		(5,818)	(4,981)
Redemption of perpetual capital securities		(5,850)	–
Distribution paid to holders of perpetual capital securities		(567)	(567)
<b>Net cash generated from financing activities of continuing operations</b>		<b>144,180</b>	<b>36,024</b>
<b>Net cash (used in)/generated from financing activities of discontinued operations</b>		<b>(10,141)</b>	<b>10,998</b>
<b>Net cash generated from financing activities</b>		<b>134,039</b>	<b>47,022</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>87,940</b>	<b>(30,099)</b>
Cash and cash equivalents at 1 January		354,111	347,891
Effect of exchange rate changes		(6,224)	1,875
<b>Cash and cash equivalents at 30 June</b>		<b>435,827</b>	<b>319,667</b>
<b>Less: cash and cash equivalents included in assets of disposal group classified as held for sale at 30 June</b>		<b>(7,792)</b>	<b>–</b>
<b>Cash and cash equivalents of continuing operations at 30 June</b>		<b>428,035</b>	<b>319,667</b>

The notes on pages 43 to 117 form part of these condensed unaudited consolidated interim accounts.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 1 General Information

CITIC Limited (the “Company”) was incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in financial services, resources and energy, manufacturing, engineering contracting, real estate and other businesses.

The parent and the ultimate holding company of the Company is CITIC Group Corporation (“CITIC Group”).

These condensed unaudited consolidated interim accounts (the “Accounts”) are presented in millions of Hong Kong dollars (“HK\$”), unless otherwise stated.

The financial information relating to the year ended 31 December 2015 that is included in the Accounts as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

### 2 Basis of preparation

The Accounts have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Accounts should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

In addition to those described below, the accounting policies adopted in the preparation of the Accounts are consistent with those adopted in the Company’s annual financial statements for the year ended 31 December 2015.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 2 Basis of preparation (continued)

#### Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Disposal groups (except for certain assets as explained below) are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in the Company's annual financial statements for the year ended 31 December 2015.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations. Intra-group balances, transactions and cash flows between discontinued and continuing operations are eliminated in preparing the Accounts.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

The following amendments became effective for the first time for the financial year beginning on or after 1 January 2016:

HKAS 1 (Amendment)	The disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 27 (Amendment)	Separate financial statements regarding the equity method
HKFRS 10, HKFRS 12 and HKAS 28(Amendment)	Investment entities: applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
Annual Improvement Project	Annual Improvements 2012-2014 Cycle

Adoption of the above amendments does not have a significant impact on the Accounts.

The Group has not applied the following amendments to standards and new standards which are not yet effective for the financial year beginning on or after 1 January 2016 and which have not been early adopted in the Accounts.

HKFRS 15	Revenue from contracts with customers <sup>(1)</sup>
HKFRS 9	Financial instruments <sup>(1)</sup>
HKFRS 16	Leases <sup>(2)</sup>
HKAS 28 and HKFRS 10 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture <sup>(3)</sup>

<sup>(1)</sup> Effective for the annual periods beginning on or after 1 January 2018.

<sup>(2)</sup> Effective for the annual periods beginning on or after 1 January 2019.

<sup>(3)</sup> Originally effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 3 Critical accounting estimates and judgment

In addition to those described below, the accounting estimates and judgements required to be made in preparation of the Accounts are consistent with those set out in the Company's annual financial statements for the year ended 31 December 2015.

#### (a) Metallurgical Corporation of China ("MCC") Claim

MCC were appointed as the EPC (engineering, procurement and construction) contractor for the processing area and related facilities at the Group's Sino Iron project in Western Australia ("Sino Iron Project"). The fixed price contract amount was US\$3.4 billion.

On 30 January 2013, MCC announced that it had incurred costs over the value of the contract and had provided additional funding of US\$858 million to MCC Mining (Western Australia) Pty Ltd ("MCC WA"), its wholly owned subsidiary company responsible for delivering MCC's obligations under the contract.

As at the date of approval of the Accounts, MCC has not claimed any additional costs from Sino Iron Pty Ltd ("Sino Iron") or its subsidiary companies, other than minor contract variations in the normal course of operations, and the Group believes it has satisfied all of its obligations under the contract.

Under the contract, the Group has a right to claim liquidated damages from MCC WA for certain delays in the completion of their project scope at a daily amount of 0.15% of the value of the main contract (approximately US\$5 million per day, with a cap of approximately US\$530 million in total). As at balance sheet date the cumulative days delay that has been incurred has resulted in the contractual cap to the liquidated damages being reached.

As set out in the Company's announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron Project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 30 June 2016.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 3 Critical accounting estimates and judgment (continued)

#### (b) Mineralogy Pty Ltd (“Mineralogy”) Disputes

Each of Sino Iron and Korean Steel Pty Ltd (“Korean Steel”), subsidiary companies of the Company, is a party to a Mining Right and Site Lease Agreement (“MRSLA”) with Mineralogy. Among other things, those agreements, together with other project agreements, provide Sino Iron and Korean Steel the right to construct the Sino Iron Project and take two billion tonnes of magnetite ore.

A number of disputes have arisen in relation to the MRSLAs and associated agreements, a number of which are described below. The Group intends to contest all claims vigorously.

##### **Option Agreement Dispute**

The Company is a party to an Option Agreement with Mineralogy and Mr. Clive Palmer, pursuant to which it has options to acquire up to four further companies, each holding the right to mine one billion tonnes of magnetite ore in the vicinity of the Sino Iron Project. The Company exercised the first option under the Option Agreement on 13 April 2012. Following the exercise of the first option, Mineralogy alleged that the Option Agreement had been repudiated by the Company, purported to accept that repudiation and stated that the Option Agreement was at an end.

The Company (and its affected subsidiaries, Sino Iron and Korean Steel) commenced legal proceedings in relation to the dispute in the Supreme Court of Western Australia. On 30 September 2015, the Court made the declarations sought by the Company, including that the Company had not repudiated the Option Agreement as initially asserted by Mineralogy and Mr. Palmer.

Notwithstanding the making of these declarations, Mineralogy has not taken the action necessary to permit completion of the transaction resulting from the Company’s exercise of the first option under the Option Agreement. On 31 March 2016, the Company, Sino Iron and Korean Steel commenced a proceeding in the Supreme Court of Western Australia to seek orders compelling Mineralogy to take the steps necessary to complete the transfer of a further company having the right to mine one billion tonnes of magnetite ore. No trial date has been set for this proceeding.

##### **Royalties Disputes**

The MRSLAs provide that Sino Iron and Korean Steel must pay a royalty to Mineralogy, a component of which (“Royalty Component B”) is payable on products produced and calculated by reference to prevailing annual published FOB prices for certain iron ore products (“annual benchmark prices”). Annual benchmark prices no longer exist, and Sino Iron and Korean Steel’s position is that this means that Royalty Component B is no longer able to be calculated using the formula in the MRSLAs. Mineralogy denied that this was the case, and pursued proceedings in the Supreme Court of Western Australia seeking declarations (among other things) that Royalty Component B can be calculated.



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 3 Critical accounting estimates and judgment (continued)

#### (b) Mineralogy Pty Ltd (“Mineralogy”) Disputes (continued)

##### **Royalties Disputes** (continued)

Earlier this year, Mineralogy sought and was granted leave to amend its statement of claim in the Royalty B proceeding. Among other things, those amendments raise certain claims made in other proceedings Mineralogy commenced in the Supreme Court of Western Australia that were permanently stayed in late 2015, withdraw certain claims contained in its previous statement of claim and raise new claims. Mineralogy then sought leave to bring an application for summary judgment in respect of its claim in this proceeding that Sino Iron and Korean Steel (via their agent or contractor, MCC) breached the ‘standard of work’ clause (clause 16.1) of the MRSLAs. Mineralogy asserts that the breach amounts to repudiation of the MRSLAs and that Mineralogy is therefore entitled to, and has, terminated the MRSLAs. The application for leave to bring the summary judgment application and the summary judgment application itself were heard together on 26 May 2016. Judgment was delivered on 4 August 2016 by Justice Chaney. Leave to bring the summary judgment application was refused and the application itself was dismissed. In early May 2016, Mineralogy filed an application to strike out certain paragraphs of the defence, however Mineralogy withdrew that application and it was dismissed at a directions hearing on 8 August 2016. Counsel for Mineralogy at the 8 August 2016 directions hearing also stated that Mineralogy would not be filing a fresh strike out application and indicated that Mineralogy considered the pleadings to be closed. A strategic conference has been convened by Justice Chaney, who is case managing the proceeding, to consider the future progress of the matter.

On 20 November 2015, Mineralogy filed an application for an urgent interlocutory mandatory injunction requiring Sino Iron, Korean Steel and the Company (together, for the purpose of this application, the “CITIC Parties”) to pay to Mineralogy royalties under the MRSLAs. The application was heard in December 2015 by Justice Tottle, who dismissed the application. Mineralogy appealed Justice Tottle’s decision. The appeal was heard on 24 March 2016 by the Court of Appeal of the Supreme Court of Western Australia. Judgment was delivered on 27 June 2016. The appeal was unanimously allowed and orders were made for the interlocutory injunction application to be remitted for hearing before Justice Chaney.

In August 2015, Queensland Nickel Pty Ltd (“Queensland Nickel”) commenced a proceeding in the Supreme Court of Queensland alleging that the non-payment of the Minimum Production Royalty to Mineralogy amounted to unconscionable conduct by the Company, Sino Iron and Korean Steel, and that the Company, Sino Iron Holdings Pty Ltd and individual officers of the Company and its subsidiaries (together, for the purpose of this proceeding, the “CITIC Parties”) were knowingly concerned in the alleged contraventions. Queensland Nickel sought damages for losses suffered as a consequence of Mineralogy being unable to advance funds to it due to such non-payment. In September 2015, the CITIC Parties filed a strike out application in the proceeding. At a hearing on 16 March 2016, the Court ordered that Queensland Nickel be removed as plaintiff and QNI Resources Pty Ltd and QNI Metals Pty Ltd be substituted as plaintiffs in the proceeding. On 23 March 2016, the Court upheld the strike out application brought by the CITIC Parties and dismissed the proceeding. QNI Resources Pty Ltd and QNI Metals Pty Ltd appealed the decision and the appeal was listed to be heard on 30 September 2016. However, on 22 August 2016, consent orders were made for the appeal to be dismissed and for the appellants to pay the CITIC Parties’ costs of the appeal.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 3 Critical accounting estimates and judgment (continued)

#### (b) Mineralogy Pty Ltd (“Mineralogy”) Disputes (continued)

##### Port Dispute

Sino Iron and Korean Steel have developed port infrastructure at the Port of Cape Preston to be used to export product from the Sino Iron Project. Mineralogy commenced legal proceedings in the Federal Court of Australia seeking declarations that the port infrastructure has vested in it, that it is entitled to possession, control and ownership of that infrastructure and that the Facilities Deeds between the parties which regulate usage of the port infrastructure have been terminated by it.

The matter was heard by the Federal Court of Australia in June 2015. The Court’s reasons for decision were handed down in August 2015. The Court refused to grant any of the relief sought by Mineralogy. The effect of the decision was to preserve the status quo in relation to the operation of the port facilities which continue to be operated by or on behalf of Sino Iron and Korean Steel. Mineralogy has appealed the decision. The appeal was heard from 9 to 12 May 2016. Judgment was reserved.

### 4 Taxation

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the six months ended 30 June 2016 is 16.5% (six months ended 30 June 2015: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group’s other subsidiaries in Mainland China for the six months ended 30 June 2016 is 25% (six months ended 30 June 2015: 25%).

Taxation for other overseas subsidiaries is charged at the rates of taxation prevailing in the countries/ jurisdiction in which the overseas subsidiaries operate.

### 5 Revenue

As a multi-industry conglomerate, the Group is principally engaged in financial services, resources and energy, manufacturing, engineering contracting, real estate and other businesses.

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see Notes 5(a), 5(b) and 5(d)). For non-financial services segment, revenue mainly comprises total invoiced value of sales of goods, services rendered to customers and revenue from construction contracts (see Note 5(c)).

The Group’s customer base is diversified and there is no single customer with which transactions have exceeded 10% of the Group’s revenue.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 5 Revenue (continued)

#### (a) Net interest income

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
<b>Interest income arising from:</b>		
Deposits with central banks, banks and non-bank financial institutions	5,501	5,735
Placements with banks and non-banks financial institutions	1,973	1,779
Financial assets held under resale agreements	544	3,041
Investments classified as receivables	29,245	29,356
Loans and advances to customers and other parties	79,192	86,666
Investments in debt securities	12,327	10,198
Others	2	18
	<b>128,784</b>	<b>136,793</b>
<b>Interest expenses arising from:</b>		
Borrowing from central banks	(1,434)	(790)
Deposits from banks and non-bank financial institutions	(20,146)	(25,612)
Placements from banks and non-bank financial institutions	(739)	(331)
Financial assets sold under repurchase agreements	(401)	(429)
Deposits from customers	(33,895)	(41,075)
Debt instruments issued	(7,819)	(4,816)
Others	(32)	(21)
	<b>(64,466)</b>	<b>(73,074)</b>
Net interest income	<b>64,318</b>	<b>63,719</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 5 Revenue (continued)

#### (b) Net fee and commission income

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Consultancy and advisory fees	3,776	4,795
Bank card fees	9,899	7,402
Settlement and clearing fees	884	1,320
Commission for wealth management services	3,881	3,249
Agency fees and commission	4,620	2,607
Guarantee fees	1,500	2,042
Trustee commission and fees	4,700	2,797
Others	420	428
	<b>29,680</b>	24,640
Fee and commission expenses	(1,271)	(1,169)
Net fee and commission income	<b>28,409</b>	23,471

#### (c) Sales of goods and services

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Sales of goods	69,431	75,301
Services rendered to customers	11,827	12,252
Revenue from construction contracts	5,676	5,663
	<b>86,934</b>	93,216

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 5 Revenue (continued)

#### (d) Other revenue

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Net trading gain (note (i))	2,654	1,802
Net gain on investment assets under financial services segment	1,304	13,892
Others	355	462
	<b>4,313</b>	<b>16,156</b>

#### (i) Net trading gain

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Trading profit/(loss):		
– debt securities and certificates of deposits	752	1,294
– foreign currencies	1,035	1,462
– derivatives	867	(954)
	<b>2,654</b>	<b>1,802</b>

### 6 Cost of sales and services

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Costs of goods sold	60,190	64,584
Costs of services rendered	7,345	7,955
Costs of construction contracts	4,623	4,881
	<b>72,158</b>	<b>77,420</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 7 Other net income

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Net gain on disposal of subsidiaries, associates and joint ventures	<b>2,030</b>	951
Net gain on financial assets under non-financial services segment	<b>808</b>	2,923
Commissions income, net foreign exchange gain and others	<b>757</b>	848
	<b>3,595</b>	4,722

### 8 Net finance charges

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Finance costs		
– Interest on bank and other loans	<b>1,198</b>	2,835
– Interest on debt instruments issued and other interest expenses	<b>2,699</b>	2,822
	<b>3,897</b>	5,657
Less: interest expense capitalised	<b>(324)</b>	(963)
	<b>3,573</b>	4,694
Other finance charges	<b>51</b>	253
	<b>3,624</b>	4,947
Finance income	<b>(534)</b>	(1,280)
	<b>3,090</b>	3,667

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 9 Profit before taxation

Profit before taxation is arrived at after charging below costs and expenses in cost of sales and services and other operating expenses:

#### (a) Staff costs

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Salaries and bonuses	<b>16,264</b>	16,128
Contributions to defined contribution retirement schemes	<b>2,210</b>	1,488
Others	<b>3,561</b>	3,716
	<b>22,035</b>	21,332

#### (b) Other items

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
Amortisation	<b>1,246</b>	1,267
Depreciation	<b>4,324</b>	4,459
Operating lease charges: minimum lease payments	<b>2,798</b>	2,808
Business tax and surcharges	<b>4,765</b>	7,529
Property management fees	<b>389</b>	502
Non-operating expenses	<b>439</b>	123
Professional fees	<b>455</b>	552
	<b>14,416</b>	17,240

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 10 Income tax expense

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (Restated)
<b>Current tax – Mainland China</b>		
Provision for enterprise income tax	10,796	13,287
Land appreciation tax	48	24
	10,844	13,311
<b>Current tax – Hong Kong</b>		
Provision for Hong Kong profits tax	953	470
<b>Current tax – Overseas</b>		
Provision	273	393
	12,070	14,174
<b>Deferred tax</b>		
Origination and reversal of temporary differences	273	(977)
	12,343	13,197

The particulars of the applicable income tax rates are disclosed in Note 4.

### 11 Dividends

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
2015 Final dividend paid: HK\$0.20 (2014: HK\$0.20) per share	5,818	4,981
2016 Interim dividend proposed: HK\$0.10 (2015: HK\$0.10) per share	2,909	2,909



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 12 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of HK\$20,182 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$37,685 million), calculated as follows:

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Profit/(loss) attributable to ordinary shareholders of the Company arising from:		
– Continuing operations	<b>24,918</b>	38,171
– Discontinued operations	<b>(4,736)</b>	(486)
	<b>20,182</b>	37,685
Weighted average number of ordinary shares (in million)	<b>29,090</b>	24,903

The diluted earnings per share for the six months ended 30 June 2016 and 2015 are the same as the basic earnings per share. As at 30 June 2016, there are no share options or other equity securities of the Company in issue which if exercised would have a dilutive effect on the issued ordinary share capital as at 30 June 2016 (30 June 2015: Nil).

The basic and diluted earnings per share for the six months ended 30 June 2016 are HK\$0.69 (six months ended 30 June 2015: HK\$1.51).

### 13 Other comprehensive (loss)/income

#### (a) Tax effects relating to each component of other comprehensive (loss)/income

	Six months ended 30 June					
	2016			2015		
	Before tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million	Before tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million
Available-for-sale financial assets: net movement in fair value reserve	<b>(3,340)</b>	<b>687</b>	<b>(2,653)</b>	245	(62)	183
Cash flow hedge: net movement in hedging reserve	<b>(517)</b>	<b>70</b>	<b>(447)</b>	378	(58)	320
Share of other comprehensive loss of associates and joint ventures: exchange differences on translation of financial statements and others	<b>(581)</b>	-	<b>(581)</b>	(509)	-	(509)
Exchange differences on translation of financial statements and others	<b>(11,545)</b>	-	<b>(11,545)</b>	2	-	2
Reclassification of owner-occupied property as investment property: revaluation gain	<b>11</b>	-	<b>11</b>	-	-	-
	<b>(15,972)</b>	<b>757</b>	<b>(15,215)</b>	116	(120)	(4)

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 13 Other comprehensive (loss)/income (continued)

#### (b) Components of other comprehensive (loss)/income, including reclassification adjustments

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Fair value (loss)/gains of available-for-sale financial assets	(2,071)	1,056
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current period	(1,269)	(811)
Tax effect	687	(62)
	(2,653)	183
(Loss)/gains arising from cash flow hedge	(573)	317
Less: Net amounts previously recognised in other comprehensive loss transferred to profit or loss in the current period	56	61
Tax effect	70	(58)
	(447)	320
Share of other comprehensive loss of associates and joint ventures	(581)	(509)
Exchange differences on translation of financial statements and others	(11,545)	2
Reclassification of owner-occupied property as investment property: revaluation gain	11	–
	(15,215)	(4)

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 14 Segment reporting

The Group has presented six reportable operating segments which are financial services, resources and energy, manufacturing, engineering contracting, real estate and others. Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the board of directors to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available. The details of these six reportable segments are as follows:

- Financial services: this segment includes banking, trust, asset management, securities and insurance services.
- Resources and energy: the major businesses in this segment include exploration, processing and trading of resources and energy products, including crude oil, coal and iron ore.
- Manufacturing: this segment includes manufacturing of special steels, heavy machineries, aluminum wheels and other products.
- Engineering contracting: this segment provides contracting and design services for infrastructure, real estate and industrial projects, etc.
- Real estate: this segment includes development, sale and holding of properties.
- Others: others include various businesses including investment and operation of infrastructures, telecommunication services, motor and food and consumer products business, commercial aviation services, publication services and others.

#### (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the board of directors monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets are those assets that are attributable to a segment, and segment liabilities are those liabilities that are attributable to a segment.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "profit for the period". To arrive at segment results, the Group's profit is further adjusted for items not specially attributed to individual segments, such as share of results of associates and joint ventures.

Inter-segment pricing is based on similar terms as those available to other external parties.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 14 Segment reporting (continued)

#### (a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2016 and 2015 is set out below:

	Six months ended 30 June 2016								
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
<b>Continuing operations</b>									
Revenue from external customers	97,040	21,323	28,673	6,096	1,641	29,183	18	-	183,974
Inter-segment revenue	41	1,135	280	-	47	260	5	(1,768)	-
<b>Reportable segment revenue</b>	<b>97,081</b>	<b>22,458</b>	<b>28,953</b>	<b>6,096</b>	<b>1,688</b>	<b>29,443</b>	<b>23</b>	<b>(1,768)</b>	<b>183,974</b>
Share of profits/(losses) of associates, net of tax	1,096	(34)	63	(2)	18	(187)	3	-	957
Share of profits of joint ventures, net of tax	206	386	-	-	13	263	-	-	868
Finance income (Note 8)	-	153	129	120	114	44	1,298	(1,324)	534
Finance costs (Note 8)	-	(795)	(363)	(37)	(163)	(821)	(3,024)	1,579	(3,624)
Depreciation and amortisation (Note 9(b))	(1,575)	(827)	(1,656)	(67)	(90)	(1,323)	(32)	-	(5,570)
Impairment losses	(28,825)	(16)	(36)	650	(186)	(57)	-	-	(28,470)
<b>Profit/(loss) before taxation</b>	<b>41,333</b>	<b>1,586</b>	<b>2,207</b>	<b>1,231</b>	<b>670</b>	<b>3,885</b>	<b>(2,413)</b>	<b>(4)</b>	<b>48,495</b>
Income tax	(9,577)	(335)	(467)	(172)	(665)	(1,083)	(82)	38	(12,343)
Profit/(loss) for the period from continuing operations	31,756	1,251	1,740	1,059	5	2,802	(2,495)	34	36,152
Loss for the period from discontinued operations	-	-	-	-	(4,782)	-	-	-	(4,782)
<b>Profit/(loss) for the period</b>	<b>31,756</b>	<b>1,251</b>	<b>1,740</b>	<b>1,059</b>	<b>(4,777)</b>	<b>2,802</b>	<b>(2,495)</b>	<b>34</b>	<b>31,370</b>
Attributable to:									
- Ordinary shareholders of the Company	21,941	911	1,641	1,060	(4,717)	2,267	(2,955)	34	20,182
Continuing operations	21,941	911	1,641	1,060	19	2,267	(2,955)	34	24,918
Discontinued operations	-	-	-	-	(4,736)	-	-	-	(4,736)
- Non-controlling interests and holders of perpetual capital securities	9,815	340	99	(1)	(60)	535	460	-	11,188
Continuing operations	9,815	340	99	(1)	(14)	535	460	-	11,234
Discontinued operations	-	-	-	-	(46)	-	-	-	(46)
	As at 30 June 2016								
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
<b>Reportable segment assets</b>	<b>6,640,820</b>	<b>145,321</b>	<b>96,827</b>	<b>38,284</b>	<b>235,268</b>	<b>120,243</b>	<b>141,077</b>	<b>(153,023)</b>	<b>7,264,817</b>
Including:									
Interests in associates	29,737	11,065	984	319	3,608	7,809	75	-	53,597
Interests in joint ventures	3,871	2,850	-	-	6,992	5,345	-	-	19,058
Assets of disposal group classified as held for sale	-	-	-	-	144,485	-	-	(9,343)	135,142
<b>Reportable segment liabilities</b>	<b>6,195,559</b>	<b>152,611</b>	<b>48,436</b>	<b>26,879</b>	<b>162,533</b>	<b>74,607</b>	<b>189,903</b>	<b>(241,328)</b>	<b>6,609,200</b>
Including:									
Bank and other loans	1,704	41,740	15,477	1,212	9,095	36,620	16,262	(11,331)	110,779
Debt instruments issued	480,213	702	4,439	-	-	5,385	119,053	(694)	609,098
Liabilities of disposal group classified as held for sale	-	-	-	-	123,331	-	-	(34,636)	88,695

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### 14 Segment reporting (continued)

#### (a) Segment results, assets and liabilities (continued)

	Six months ended 30 June 2015 (Restated)								
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
<b>Continuing operations</b>									
Revenue from external customers	103,254	22,146	32,336	6,240	1,304	31,190	92	-	196,562
Inter-segment revenue	647	987	153	68	57	215	-	(2,127)	-
<b>Reportable segment revenue</b>	<b>103,901</b>	<b>23,133</b>	<b>32,489</b>	<b>6,308</b>	<b>1,361</b>	<b>31,405</b>	<b>92</b>	<b>(2,127)</b>	<b>196,562</b>
Share of profits/(losses) of associates, net of tax	2,892	3	(69)	(4)	139	263	(9)	-	3,215
Share of profits/(losses) of joint ventures, net of tax	301	(16)	(66)	-	(4)	334	-	-	549
Finance income (Note 8)	-	171	152	237	201	103	1,850	(1,434)	1,280
Finance costs (Note 8)	-	(799)	(562)	(74)	(321)	(730)	(3,829)	1,368	(4,947)
Depreciation and amortisation (Note 9(b))	(1,499)	(829)	(2,084)	(60)	(267)	(977)	(10)	-	(5,726)
Impairment losses	(21,556)	(2)	(20)	-	(1)	(45)	(162)	124	(21,662)
<b>Profit/(loss) before taxation</b>	<b>54,499</b>	<b>1,875</b>	<b>1,747</b>	<b>1,408</b>	<b>1,304</b>	<b>3,606</b>	<b>(1,957)</b>	<b>285</b>	<b>62,767</b>
Income tax	(11,312)	(292)	(310)	(413)	(160)	(893)	(28)	211	(13,197)
Profit/(loss) for the period from continuing operations	43,187	1,583	1,437	995	1,144	2,713	(1,985)	496	49,570
Loss for the period from discontinued operations	-	-	-	-	(611)	-	-	-	(611)
<b>Profit/(loss) for the period</b>	<b>43,187</b>	<b>1,583</b>	<b>1,437</b>	<b>995</b>	<b>533</b>	<b>2,713</b>	<b>(1,985)</b>	<b>496</b>	<b>48,959</b>
Attributable to:									
- Ordinary shareholders of the Company	33,317	1,199	1,307	995	734	2,187	(2,550)	496	37,685
Continuing operations	33,317	1,199	1,307	995	1,220	2,187	(2,550)	496	38,171
Discontinued operations	-	-	-	-	(486)	-	-	-	(486)
- Non-controlling interests and holders of perpetual capital securities	9,870	384	130	-	(201)	526	565	-	11,274
Continuing operations	9,870	384	130	-	(76)	526	565	-	11,399
Discontinued operations	-	-	-	-	(125)	-	-	-	(125)
<b>As at 31 December 2015</b>									
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
<b>Reportable segment assets</b>	<b>6,211,176</b>	<b>141,693</b>	<b>97,208</b>	<b>42,245</b>	<b>232,809</b>	<b>113,738</b>	<b>132,562</b>	<b>(168,122)</b>	<b>6,803,309</b>
Including:									
Interests in associates	28,821	11,128	3,143	217	4,036	3,245	73	-	50,663
Interests in joint ventures	3,794	2,628	-	-	9,582	6,697	-	-	22,701
<b>Reportable segment liabilities</b>	<b>5,777,576</b>	<b>147,960</b>	<b>47,529</b>	<b>30,467</b>	<b>160,689</b>	<b>73,651</b>	<b>155,973</b>	<b>(253,705)</b>	<b>6,140,140</b>
Including:									
Bank and other loans	1,339	42,562	16,521	1,282	85,618	37,672	12,586	(50,359)	147,221
Debt instruments issued	345,120	446	5,033	-	4,750	5,283	89,804	(664)	449,772

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For the six months ended 30 June 2016

### 14 Segment reporting (continued)

#### (b) Geographical information

An analysis of the Group's revenue and total assets by geographical area are as follows:

	Revenue from external customers		Reportable segment assets	
	Six months ended 30 June		30 June	31 December
	2016	2015 (Restated)	2016	2015
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Mainland China	155,249	162,847	6,758,928	6,312,332
Hong Kong and Macau	16,797	20,391	383,789	380,549
Overseas	11,928	13,324	122,100	110,428
	<b>183,974</b>	196,562	<b>7,264,817</b>	6,803,309

### 15 Cash and deposits

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Cash	7,937	8,827
Bank deposits	62,521	63,166
Balances with central banks (note (i)):		
– Statutory deposit reserve funds (note (ii))	512,644	519,487
– Surplus deposit reserve funds (note (iii))	173,102	75,983
– Foreign exchange reserves (note (iv))	16,909	4,078
– Fiscal deposits (note (v))	8,746	4,532
Deposits with banks and non-bank financial institutions	91,667	125,542
	<b>873,526</b>	801,615

Notes:

- (i) The balances with central banks represent deposits placed with central banks by China CITIC Bank Corporation Limited ("CITIC Bank") and CITIC Finance Company Limited ("CITIC Finance").
- (ii) CITIC Bank and CITIC Finance place statutory deposit reserves with the People's Bank of China and overseas central banks where they have operations. The statutory deposit reserves are not available for use in their daily business.

As at 30 June 2016, the statutory deposit reserve placed by CITIC Bank with the People's Bank of China was calculated at 15% (31 December 2015: 15%) of eligible RMB deposits for domestic branches of CITIC Bank, and at 15% (31 December 2015: 0%) of eligible RMB deposits from overseas financial institutions respectively. In addition, CITIC Bank is required to deposit an amount equivalent to 5% (31 December 2015: 5%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve as at 30 June 2016.

As at 30 June 2016, the statutory RMB deposit reserve rate applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited, a subsidiary of CITIC Bank, was at 9% (31 December 2015: 9.5%).

The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions. The foreign currency reserve deposits placed with the People's Bank of China are non-interest bearing.

As at 30 June 2016, the statutory deposit reserve placed by CITIC Finance with the People's Bank of China was calculated at 7% (31 December 2015: 7.5%) of eligible RMB deposits from the customers of CITIC Finance. As at 30 June 2016, CITIC Finance is also required to deposit an amount equivalent to 5% (31 December 2015: 5%) of its foreign currency deposits from the customers as statutory deposit reserve.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 15 Cash and deposits (continued)

Notes: (continued)

- (iii) The surplus deposit reserve funds are maintained with the People's Bank of China for the purposes of clearing.
- (iv) The foreign exchange reserve is maintained with the People's Bank of China in accordance with the related notice issued by the People's Bank of China on 31 August 2015. The reserve is payable on a monthly basis at 20% of the total contract amount of customers driven forward transactions in the previous month. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the notice.
- (v) Fiscal deposits placed with the People's Bank of China are not available for use in the Group's daily operations, and are non-interest bearing.
- (vi) In addition to the statutory deposit reserve funds, fiscal deposits and foreign exchange reserves, HK\$6,645 million (31 December 2015: HK\$7,416 million) included in cash and deposits as at 30 June 2016 were restricted in use. They mainly include guaranteed deposits.

### 16 Financial assets at fair value through profit or loss

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Held for trading purpose:		
– Debt trading financial asset (note (a))	14,920	10,189
– Certificates of interbank deposit (note (b))	49,006	18,175
– Investment funds (note (c))	2,456	6,371
– Trading equity investments (note (d))	291	338
Financial assets designated at fair value through profit or loss (note (e)):		
– Debt securities	6,730	2,108
– Others	882	3,210
	<b>74,285</b>	40,391
Issued by:		
– Government	568	507
– Policy banks	6,899	4,509
– Banks and non-bank financial institutions	61,788	30,961
– Corporates	5,030	4,414
	<b>74,285</b>	40,391
Analysed by remaining maturity:		
– Within 3 months	28,772	15,378
– Between 3 months and 1 year	34,713	15,236
– Over 1 year	10,783	9,757
– No fixed terms	17	20
	<b>74,285</b>	40,391

The remaining term to maturity of financial assets at fair value through profit or loss does not represent the Group's intended holding period.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 16 Financial assets at fair value through profit or loss (continued)

#### (a) Debt trading financial assets

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Listed in Hong Kong	474	832
Listed outside Hong Kong	12,710	9,235
Unlisted	1,736	122
	<b>14,920</b>	<b>10,189</b>

#### (b) Certificates of interbank deposit

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Listed outside Hong Kong	49,006	18,175

#### (c) Investment funds

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Unlisted	2,456	6,371

#### (d) Trading equity investments

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Listed in Hong Kong	109	202
Listed outside Hong Kong	180	133
Unlisted	2	3
	<b>291</b>	<b>338</b>

#### (e) Financial assets designated at fair value through profit or loss

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Listed in Hong Kong	–	1,733
Listed outside Hong Kong	5,715	–
Unlisted	1,897	3,585
	<b>7,612</b>	<b>5,318</b>

Note:

Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 17 Derivative financial instruments

The Group's subsidiaries under the financial services segment act as an intermediary to offer derivative products including forwards and swap of interest rate and currency to its customers. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Meanwhile, derivatives are also used for proprietary trading purposes.

Subsidiaries under non-financial services segment of the Group enter into forward and swap contracts to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the balance sheet date. The nominal amounts of the derivatives indicate the volume of transactions outstanding as at the balance sheet date; they do not represent amounts at risk. Hedging instruments are derivatives qualified for hedge accounting, and non-hedging instruments are derivatives not qualified for hedge accounting.

	30 June 2016			31 December 2015		
	Nominal amount HK\$ million	Assets HK\$ million	Liabilities HK\$ million	Nominal amount HK\$ million	Assets HK\$ million	Liabilities HK\$ million
<b>Hedging instruments</b>						
Fair value hedge (note (c)(i)):						
- Interest rate derivatives	13,224	398	177	13,302	283	46
- Currency derivatives	1,469	5	-	3,939	48	-
Cash flow hedge (note (c)(ii)):						
- Interest rate derivatives	17,416	-	3,380	14,246	-	2,608
- Currency derivatives	1,242	3	4	113	-	2
- Other derivatives	1,380	23	835	24	-	908
<b>Non-hedging instruments</b>						
- Interest rate derivatives	816,932	1,296	786	716,684	1,258	1,467
- Currency derivatives	2,344,669	23,293	20,509	1,911,069	13,717	12,082
- Precious metals derivatives	92,108	1,958	7,113	22,396	1,203	362
- Other derivatives	1,528	-	43	6,234	-	-
	<b>3,289,968</b>	<b>26,976</b>	<b>32,847</b>	<b>2,688,007</b>	<b>16,509</b>	<b>17,475</b>

#### (a) Nominal amount analysed by remaining maturity

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Within 3 months	1,369,112	974,188
Between 3 months and 1 year	1,677,818	1,560,625
Between 1 year and 5 years	229,407	144,900
Over 5 years	13,631	8,294
	<b>3,289,968</b>	<b>2,688,007</b>

The remaining term to maturity of derivatives does not represent the Group's intended holding period.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 17 Derivative financial instruments (continued)

#### (b) Credit risk weighted amounts

The credit risk weighted amounts are solely in connection with the derivatives held by CITIC Bank, and have been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the China Banking Regulatory Commission in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. As at 30 June 2016, the credit risk weighted amount was HK\$38,155 million (31 December 2015: HK\$22,332 million), of which HK\$17,345 million (31 December 2015: HK\$17,066 million) was attributes to default risk of counter party and HK\$20,810 million (31 December 2015: HK\$5,266 million) was credit valuation adjustment.

#### (c) Derivatives designated as hedging instruments

##### (i) Fair value hedge

Fair value hedge is adopted to hedge the risk that a financial instrument's fair value will fluctuate because of changes in market interest rates or foreign exchange rates by using interest rate swaps or foreign currency forward contracts.

##### (ii) Cash flow hedge

Cash flow hedge is adopted to hedge the risk that a financial instrument's cash flows will fluctuate because of changes in market interest rates, foreign exchange rates or commodity price by using foreign currency forward contracts, commodity forward contracts or interest rate swaps.

### 18 Trade and other receivables

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Trade and bills receivables (note (a))	<b>28,963</b>	27,333
Interest receivables (note (b))	<b>36,583</b>	36,750
Prepayments, deposits and other receivables (note (c))	<b>69,119</b>	77,264
	<b>134,665</b>	141,347

As at 30 June 2016, the amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year was HK\$16,862 million (31 December 2015: HK\$16,502 million). The remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 18 Trade and other receivables (continued)

#### (a) Trade and bills receivables

##### (i) Ageing analysis

As at the balance sheet date, the ageing analysis of trade and bills receivables of the Group based on invoice date and net of allowance for impairment losses is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Within 1 year	25,196	23,522
Over 1 year	4,957	4,947
	<b>30,153</b>	28,469
Less: allowance for impairment losses	<b>(1,190)</b>	(1,136)
	<b>28,963</b>	27,333

Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

##### (ii) Impairment of trade and bills receivables

As at 30 June 2016, the Group's trade and bills receivables of HK\$549 million (31 December 2015: HK\$411 million) were individually determined to be impaired. These receivables mainly relate to customers which were in financial difficulties. It is assessed that a portion of such receivables is expected to be recovered. Consequently, specific allowance for impairment losses is recognised.

##### (iii) Trade and bills receivables that are not impaired

The ageing analysis of past due trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Less than 1 year past due	1,097	1,365
Over 1 year past due	259	407
	<b>1,356</b>	1,772

Receivables that are past due but not impaired are related to a number of third-party customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 18 Trade and other receivables (continued)

#### (b) Interest receivables

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Interest receivables	39,718	39,297
Less: allowance for impairment losses	(3,135)	(2,547)
	<b>36,583</b>	<b>36,750</b>

#### (c) Prepayments, deposits and other receivables

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Prepayments, deposits and other receivables	70,357	78,661
Less: allowance for impairment losses	(1,238)	(1,397)
	<b>69,119</b>	<b>77,264</b>

### 19 Loans and advances to customers and other parties

#### (a) Loans and advances

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Corporate loans		
– Loans	2,165,284	2,093,945
– Discounted bills	92,853	110,721
– Finance lease receivables	28,989	21,340
	<b>2,287,126</b>	<b>2,226,006</b>
Personal loans		
– Residential mortgages	407,313	320,999
– Business loans	130,702	126,251
– Credit cards	232,116	209,841
– Others	170,656	140,987
	<b>940,787</b>	<b>798,078</b>
	<b>3,227,913</b>	<b>3,024,084</b>
Less: impairment allowance		
– Individually assessed	(23,070)	(21,973)
– Collectively assessed	(51,824)	(54,313)
	<b>(74,894)</b>	<b>(76,286)</b>
	<b>3,153,019</b>	<b>2,947,798</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 19 Loans and advances to customers and other parties (continued)

#### (b) Types of collateral

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Unsecured loans	<b>616,834</b>	588,325
Guaranteed loans	<b>590,207</b>	588,124
Secured loans		
– Loans secured by collateral	<b>1,558,823</b>	1,397,259
– Pledged loans	<b>369,196</b>	339,655
	<b>3,135,060</b>	2,913,363
Discounted bills	<b>92,853</b>	110,721
Gross loans and advances	<b>3,227,913</b>	3,024,084

#### (c) Assessment method of allowance for impairment losses

	As at 30 June 2016				Gross impaired loans and advances as a percentage of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed HK\$ million	Impaired loans and advances (note (i)) for which the allowance is collectively assessed HK\$ million		for which the allowance is individually assessed HK\$ million	
Gross loans and advances	<b>3,178,875</b>	<b>11,588</b>	<b>37,450</b>	<b>3,227,913</b>	<b>1.52%</b>
Less: allowance for impairment losses	<b>(43,546)</b>	<b>(8,278)</b>	<b>(23,070)</b>	<b>(74,894)</b>	
	<b>3,135,329</b>	<b>3,310</b>	<b>14,380</b>	<b>3,153,019</b>	

	As at 31 December 2015				Gross impaired loans and advances as a percentage of gross total loans and advances
	Loans and advances for which the allowance is collectively assessed HK\$ million	Impaired loans and advances (note (i)) for which the allowance is collectively assessed HK\$ million		for which the allowance is individually assessed HK\$ million	
Gross loans and advances	2,977,437	9,553	37,094	3,024,084	1.54%
Less: allowance for impairment losses	(47,335)	(6,978)	(21,973)	(76,286)	
	2,930,102	2,575	15,121	2,947,798	

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 19 Loans and advances to customers and other parties (continued)

#### (c) Assessment method of allowance for impairment losses (continued)

Notes:

- (i) Impaired loans and advances include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses which are assessed individually or collectively (portfolios of homogeneous loans and advances).
- (ii) As at 30 June 2016, the loans and advances of the Group for which the impairment allowance were individually assessed amounted to HK\$37,450 million (31 December 2015: HK\$37,094 million). The secured and unsecured portion of these loans and advances were as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Secured portion	13,113	12,396
Unsecured portion	24,337	24,698
	<b>37,450</b>	37,094

As at 30 June 2016, the fair value of collateral held against these loans and advances amounted to HK\$18,211 million (31 December 2015: HK\$19,935 million).

The fair value of collateral was estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

#### (d) Movements of allowance for impairment losses

	Six months ended 30 June 2016			Total HK\$ million
	Loans and advances for which the allowance is collectively assessed HK\$ million	Impaired loans and advances for which the allowance is collectively assessed HK\$ million	for which the allowance is individually assessed HK\$ million	
At 1 January	47,335	6,978	21,973	76,286
Charge for the period				
– Impairment allowance on loans charged	228	3,926	25,605	29,759
– Reversal of impairment for the period	(3,138)	(204)	(2,785)	(6,127)
Unwinding of discount on allowance	–	–	(341)	(341)
Write-offs	–	(2,464)	(21,185)	(23,649)
Recovery of loans and advances written off in previous year	–	204	97	301
Changes of exchange rate	(879)	(162)	(294)	(1,335)
At 30 June	<b>43,546</b>	<b>8,278</b>	<b>23,070</b>	<b>74,894</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 19 Loans and advances to customers and other parties (continued)

#### (d) Movements of allowance for impairment losses (continued)

	Six months ended 30 June 2015			
	Loans and advances for which the allowance is collectively assessed HK\$ million	Impaired loans and advances for which the allowance is collectively assessed HK\$ million	for which the allowance is individually assessed HK\$ million	Total HK\$ million
At 1 January	46,554	4,920	17,627	69,101
Charge for the period				
– Impairment allowance on loans charged	304	4,069	17,960	22,333
– Reversal of impairment for the period	(197)	(203)	(1,937)	(2,337)
Unwinding of discount on allowance	–	–	(310)	(310)
Write-offs	–	(2,222)	(13,704)	(15,926)
Recovery of loans and advances written off in previous year	–	201	110	311
Changes of exchange rate	24	11	44	79
At 30 June	46,685	6,776	19,790	73,251

#### (e) Overdue loans by overdue period

	As at 30 June 2016				Total HK\$ million
	Overdue within 3 months HK\$ million	Overdue between 3 months and 1 year HK\$ million	Overdue between 1 year and 3 years HK\$ million	Overdue over 3 years HK\$ million	
Unsecured loans	7,338	4,011	2,842	440	14,631
Guaranteed loans	12,409	12,300	6,637	167	31,513
Secured loans					
– Loans secured by collateral	31,450	24,174	7,434	750	63,808
– Pledged loans	3,759	1,672	871	56	6,358
	54,956	42,157	17,784	1,413	116,310

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 19 Loans and advances to customers and other parties (continued)

#### (e) Overdue loans by overdue period (continued)

	As at 31 December 2015				Total HK\$ million
	Overdue within 3 months HK\$ million	Overdue between 3 months and 1 year HK\$ million	Overdue between 1 year and 3 years HK\$ million	Overdue over 3 years HK\$ million	
Unsecured loans	4,088	3,657	2,993	355	11,093
Guaranteed loans	10,632	6,308	6,093	275	23,308
Secured loans					
– Loans secured by collateral	25,754	14,732	7,569	458	48,513
– Pledged loans	3,685	1,903	1,194	74	6,856
	44,159	26,600	17,849	1,162	89,770

Overdue loans represent loans of which the principal or interest are overdue one day or more.

### 20 Available-for-sale financial assets

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Debt securities (note (a))	403,672	360,040
Certificates of deposit and certificates of interbank deposit (note (b))	114,285	89,897
Wealth management products issued by financial institutions (note (c))	32,139	33,138
Equity investments (note (d))	10,923	10,660
Investment funds (note (e))	4,717	1,904
	565,736	495,639
Less: allowance for impairment losses	(665)	(853)
	565,071	494,786
Issued by:		
– Government	164,419	136,925
– Policy banks	88,226	87,008
– Banks and non-bank financial institutions	193,148	162,884
– Corporates	116,951	107,969
– Public entities	2,327	–
	565,071	494,786
Analysed by remaining maturity:		
– Within 3 months	79,491	77,175
– Between 3 months and 1 year	133,991	122,040
– Over 1 year	341,039	287,217
– No fixed terms	10,550	8,354
	565,071	494,786

The remaining term to maturity of available-for-sale financial assets does not represent the Group's intended holding period.



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 20 Available-for-sale financial assets (continued)

#### (a) Debt securities

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Debt securities	<b>403,672</b>	360,040
Less: allowance for impairment losses	<b>(114)</b>	(168)
	<b>403,558</b>	359,872
Representing:		
– Listed in Hong Kong	<b>15,751</b>	14,874
– Listed outside Hong Kong	<b>355,822</b>	309,119
– Unlisted	<b>31,985</b>	35,879
	<b>403,558</b>	359,872

#### (b) Certificates of deposit and certificates of interbank deposit

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Certificates of deposit and certificates of interbank deposit	<b>114,285</b>	89,897
Representing:		
– Listed outside Hong Kong	<b>114,285</b>	89,897

#### (c) Wealth management products issued by financial institutions

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Wealth management products issued by financial institutions	<b>32,139</b>	33,138
Less: allowance for impairment losses	<b>(74)</b>	(256)
	<b>32,065</b>	32,882
Representing:		
– Listed outside Hong Kong	<b>17</b>	17
– Unlisted	<b>32,048</b>	32,865
	<b>32,065</b>	32,882

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 20 Available-for-sale financial assets (continued)

#### (d) Equity investments

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Equity investments	<b>10,923</b>	10,660
Less: allowance for impairment losses	<b>(449)</b>	(401)
	<b>10,474</b>	10,259
Representing:		
– Listed in Hong Kong	<b>1,555</b>	1,370
– Listed outside Hong Kong	<b>1,493</b>	1,394
– Unlisted	<b>7,426</b>	7,495
	<b>10,474</b>	10,259

#### (e) Investment Funds

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Investment funds	<b>4,717</b>	1,904
Less: allowance for impairment losses	<b>(28)</b>	(28)
	<b>4,689</b>	1,876
Representing:		
– Listed in Hong Kong	<b>1,062</b>	12
– Unlisted	<b>3,627</b>	1,864
	<b>4,689</b>	1,876

Note:

Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 21 Held-to-maturity investments

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Debt securities	<b>225,419</b>	216,244
Others	<b>88</b>	72
	<b>225,507</b>	216,316
Less: allowance for impairment losses	–	(49)
	<b>225,507</b>	216,267
Representing:		
– Listed in Hong Kong	<b>764</b>	462
– Listed outside Hong Kong	<b>217,473</b>	208,704
– Unlisted	<b>7,270</b>	7,101
	<b>225,507</b>	216,267
Issued by:		
– Government	<b>60,254</b>	59,759
– Policy banks	<b>83,709</b>	76,419
– Banks and non-bank financial institutions	<b>50,276</b>	48,658
– Public entities	<b>4</b>	5
– Corporates	<b>31,264</b>	31,426
	<b>225,507</b>	216,267
Analysed by remaining maturity:		
– Within 3 months	<b>7,165</b>	5,655
– Between 3 months and 1 year	<b>34,619</b>	22,222
– Over 1 year	<b>183,723</b>	188,390
	<b>225,507</b>	216,267
Fair value	<b>230,981</b>	222,501
Of which: listed debt securities	<b>224,315</b>	215,396

Note:

Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 22 Investments classified as receivables

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Trust investment plans	133,430	168,036
Investment management products managed by securities companies	1,014,081	986,781
Wealth management products issued by financial institutions	236,344	176,186
Others	–	1,468
	<b>1,383,855</b>	1,332,471
Less: allowance for impairment losses	<b>(2,943)</b>	(1,190)
	<b>1,380,912</b>	1,331,281

As at 30 June 2016, certain of the Group's investments with an aggregate amount of HK\$232,119 million (31 December 2015: HK\$90,285 million) were managed by certain subsidiaries and related parties of the Group.

The underlying assets of investment classified as receivables primarily include investment in rediscounted bills, corporate loans, certificates of interbank deposit and wealth management products issued by other financial institutions.

### 23 Interests in associates

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Carrying value	56,026	53,094
Less: allowance for impairment losses	<b>(2,429)</b>	(2,431)
	<b>53,597</b>	50,663

### 24 Interests in joint ventures

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Carrying value	20,554	24,198
Less: allowance for impairment losses	<b>(1,496)</b>	(1,497)
	<b>19,058</b>	22,701

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 25 Deposits from banks and non-bank financial institutions

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Banks	523,348	493,190
Non-bank financial institutions	815,705	782,231
	<b>1,339,053</b>	1,275,421
Analysed by remaining maturity:		
– On demand	218,066	269,043
– Within 3 months	883,545	373,031
– Between 3 months and 1 year	236,238	630,237
– Over 1 year	1,204	3,110
	<b>1,339,053</b>	1,275,421

### 26 Trade and other payables

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Trade and bills payables	46,510	52,920
Advances from customers	5,791	24,332
Interest payables	45,717	47,933
Other taxes payables	3,423	4,297
Settlement accounts	22,193	28,311
Other payables	72,612	72,843
	<b>196,246</b>	230,636

As at the balance sheet date, the ageing analysis of the Group's trade and bills payable based on the invoice date is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Within 1 year	39,177	36,216
Between 1 and 2 years	5,547	11,556
Between 2 and 3 years	1,003	3,356
Over 3 years	783	1,792
	<b>46,510</b>	52,920

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 27 Deposits from customers

#### (a) Types of deposits from customers

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Demand deposits		
– Corporate customers	1,599,146	1,385,738
– Personal customers	250,660	213,561
	<b>1,849,806</b>	1,599,299
Time and call deposits		
– Corporate customers	1,732,262	1,727,112
– Personal customers	417,527	432,611
	<b>2,149,789</b>	2,159,723
Outward remittance and remittance payables	10,733	7,826
	<b>4,010,328</b>	3,766,848

#### (b) Deposits from customers include pledged deposits for the following items:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Bank acceptances	285,446	349,205
Letters of credit	8,226	11,031
Guarantees	50,331	25,992
Others	143,399	144,801
	<b>487,402</b>	531,029

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 28 Bank and other loans

#### (a) Types of loans

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
<b>Bank loans</b>		
Unsecured loans	79,792	92,931
Loan pledged with assets (note (d))	23,801	33,996
Guaranteed loans	703	708
	<b>104,296</b>	127,635
<b>Other loans</b>		
Unsecured loans	5,191	17,962
Loan pledged with assets (note (d))	1,164	1,624
Guaranteed loans	128	–
	<b>6,483</b>	19,586
	<b>110,779</b>	147,221

#### (b) Maturity of loans

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Bank and other loans are repayable:		
– Within 1 year or on demand	27,540	37,645
– Between 1 and 2 years	15,693	22,778
– Between 2 and 5 years	27,065	40,806
– Over 5 years	40,481	45,992
	<b>110,779</b>	147,221

#### (c) Bank or other loans are denominated in the following currency

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
RMB	30,057	70,886
US\$	53,734	58,633
HK\$	16,182	8,754
Other currencies	10,806	8,948
	<b>110,779</b>	147,221

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 28 Bank and other loans (continued)

- (d) As at 30 June 2016, the Group's bank and other loans of HK\$24,965 million (31 December 2015: HK\$35,620 million) are pledged with cash and deposits, fixed assets and intangible assets with an aggregate carrying amount of HK\$87,824 million (31 December 2015: HK\$83,858 million).
- (e) All of the Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 32(b). As at 30 June 2016, none of the covenants relating to drawn down facilities had been breached (31 December 2015: Nil).

### 29 Debt instruments issued

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Corporate bonds issued (note (a))	97,589	72,762
Notes issued (note (b))	67,918	69,244
Subordinated bonds issued (note (c))	89,014	92,840
Certificates of deposit issued (note (d))	12,957	10,390
Certificates of interbank deposit issued (note (e))	341,620	204,536
	<b>609,098</b>	449,772
Analysed by remaining maturity:		
– Within 1 year or on demand	376,575	219,157
– Between 1 and 2 years	17,336	11,158
– Between 2 and 5 years	69,988	79,894
– Over 5 years	145,199	139,563
	<b>609,098</b>	449,772

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

Certain debt instruments issued were purchased by certain subsidiaries of the Group. These debt instruments issued were eliminated in full on consolidation.



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes:

#### (a) Corporate bonds issued

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
The Company (note (i))	52,536	36,713
CITIC Corporation Limited ("CITIC Corporation") (note (ii))	34,527	20,896
CITIC Real Estate Co., Ltd. ("CITIC Real Estate") (note (iii))	–	4,391
CITIC Telecom International Holdings Limited ("CITIC Telecom International") (note (iv))	3,482	3,480
CITIC Heavy Industries Co., Limited ("CITIC Heavy Industries") (note (v))	3,620	3,330
CITIC Pacific Limited's ("CITIC Pacific") subsidiaries (note (vi))	1,521	2,149
CITIC Environment Investment Group Co., Limited's ("CITIC Environment") subsidiaries (note (vii))	1,903	1,803
	<b>97,589</b>	<b>72,762</b>

#### (i) Details of corporate bonds issued by the Company

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
RMB Notes 1	RMB	1,000	2011-08-03	2016-08-03	2.70%
US\$ Notes 3.1	US\$	750	2012-03-21	2018-01-21	6.88%
US\$ Notes 3.2	US\$	350	2012-04-26	2018-01-21	6.88%
HK\$ Notes 1	HK\$	500	2013-07-31	2018-07-31	5.90%
US\$ Notes 5	US\$	500	2013-04-10	2020-04-10	6.38%
US\$ Notes 2.1	US\$	500	2011-04-15	2021-04-15	6.63%
US\$ Notes 2.2	US\$	250	2014-06-23	2021-04-15	6.63%
US\$ Notes 1	US\$	150	2010-08-16	2022-08-16	6.90%
US\$ Notes 4.1	US\$	750	2012-10-17	2023-01-17	6.80%
US\$ Notes 4.2	US\$	250	2012-12-11	2023-01-17	6.80%
US\$ Notes 4.3	US\$	400	2014-07-18	2023-01-17	6.80%
US\$ Notes 6.1	US\$	110	2014-07-18	2024-01-18	4.70%
US\$ Notes 6.2	US\$	90	2014-10-29	2024-01-18	4.70%
HK\$ Notes 2	HK\$	420	2014-07-25	2024-07-25	4.35%
US\$ Notes 7	US\$	280	2015-04-14	2035-04-14	4.60%
US\$ Notes 8	US\$	150	2016-02-04	2041-02-04	4.88%
US\$ Notes 9	US\$	350	2016-02-04	2036-02-04	4.75%
US\$ Notes 10	US\$	90	2016-04-25	2036-04-25	4.65%
US\$ Notes 11	US\$	210	2016-04-25	2046-04-25	4.85%
US\$ Notes 12	US\$	500	2016-06-14	2021-12-14	2.80%
US\$ Notes 13	US\$	750	2016-06-14	2026-06-14	3.70%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

(a) **Corporate bonds issued** (continued)

(i) **Details of corporate bonds issued by the Company** (continued)

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
RMB Notes 1	RMB	1,000	2011-08-03	2016-08-03	2.70%
US\$ Notes 3.1	US\$	750	2012-03-21	2018-01-21	6.88%
US\$ Notes 3.2	US\$	350	2012-04-26	2018-01-21	6.88%
HK\$ Notes 1	HK\$	500	2013-07-31	2018-07-31	5.90%
US\$ Notes 5	US\$	500	2013-04-10	2020-04-10	6.38%
US\$ Notes 2.1	US\$	500	2011-04-15	2021-04-15	6.63%
US\$ Notes 2.2	US\$	250	2014-06-23	2021-04-15	6.63%
US\$ Notes 1	US\$	150	2010-08-16	2022-08-16	6.90%
US\$ Notes 4.1	US\$	750	2012-10-17	2023-01-17	6.80%
US\$ Notes 4.2	US\$	250	2012-12-11	2023-01-17	6.80%
US\$ Notes 4.3	US\$	400	2014-07-18	2023-01-17	6.80%
US\$ Notes 6.1	US\$	110	2014-07-18	2024-01-18	4.70%
US\$ Notes 6.2	US\$	90	2014-10-29	2024-01-18	4.70%
HK\$ Notes 2	HK\$	420	2014-07-25	2024-07-25	4.35%
US\$ Notes 7	US\$	280	2015-04-14	2035-04-14	4.60%

(ii) **Details of corporate bonds issued by CITIC Corporation**

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
02 CITIC bond	RMB	4,500	2002-09-26	2017-09-26	4.08%
03 CITIC bond-2	RMB	6,000	2003-12-10	2023-12-09	5.10%
05 CITIC bond-2	RMB	4,000	2005-12-07	2025-12-06	4.60%
16 CITIC stock SCP001	RMB	10,000	2016-04-12	2016-12-07	2.55%
16 CITIC stock SCP002	RMB	5,000	2016-04-26	2016-10-22	2.75%
Samurai bond	JPY	10,000	1996-09-19	2016-09-18	4.95%

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
02 CITIC bond	RMB	4,500	2002-09-26	2017-09-26	4.08%
03 CITIC bond-2	RMB	6,000	2003-12-10	2023-12-09	5.10%
05 CITIC bond-2	RMB	4,000	2005-12-07	2025-12-06	4.60%
15 CITIC bond-SCP001	RMB	3,000	2015-04-20	2016-01-17	4.18%
Samurai bond	JPY	10,000	1996-09-19	2016-09-18	4.95%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

(a) **Corporate bonds issued** (continued)

(iii) **Details of corporate bonds issued by CITIC Real Estate**

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
Corporate bonds	RMB	4,000	2015-12-09	2020-12-09	4.80%

(iv) **Details of corporate bonds issued by CITIC Telecom International**

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
Guaranteed Bonds	US\$	450	2013-03-05	2025-03-05	6.10%

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
Guaranteed Bonds	US\$	450	2013-03-05	2025-03-05	6.10%

(v) **Details of corporate bonds issued by CITIC Heavy Industries**

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
Corporate Bonds	RMB	600	2013-01-25	2020-01-25	5.20%
Corporate Bonds	RMB	1,000	2014-11-26	2019-11-26	4.98%
Short Term Corporate Bonds	RMB	1,500	2016-02-26	2017-02-26	3.20%

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
Corporate Bonds	RMB	1,200	2013-01-25	2016-01-25	4.85%
Corporate Bonds	RMB	600	2013-01-25	2020-01-25	5.20%
Corporate Bonds	RMB	1,000	2014-11-26	2019-11-26	4.98%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

(a) **Corporate bonds issued** (continued)

(vi) **Details of corporate bonds issued by CITIC Pacific's subsidiaries**

As at 30 June 2016					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Medium Term Notes	RMB	200	2015-05-19	2018-05-19	4.50%
Medium Term Notes	RMB	300	2015-06-08	2018-06-08	4.70%
Hubei Xin Yegang Steel Co., Ltd.					
– RMB Notes 2	RMB	500	2012-06-25	2017-06-25	5.23%
Jiangyin Xingcheng Special Steel Works Co., Ltd.					
– RMB Notes 3	RMB	200	2012-11-27	2017-11-26	6.06%
Jiangyin Ligang Electric Power Generation Co., Ltd.					
– Medium Term Notes	RMB	100	2013-10-28	2016-10-28	6.30%
As at 31 December 2015					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Medium Term Notes	RMB	200	2015-05-19	2018-05-19	4.50%
Medium Term Notes	RMB	300	2015-06-08	2018-06-08	4.70%
Hubei Xin Yegang Steel Co., Ltd.					
– RMB Notes 2	RMB	500	2012-06-25	2017-06-25	5.23%
Jiangyin Xingcheng Special Steel Works Co., Ltd.					
– RMB Notes 3	RMB	200	2012-11-27	2017-11-26	6.06%
– RMB Notes 4	RMB	500	2013-06-05	2016-06-04	4.93%
Jiangyin Ligang Electric Power Generation Co., Ltd.					
– Medium Term Notes	RMB	100	2013-10-28	2016-10-28	6.30%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

(a) **Corporate bonds issued** (continued)

(vii) **Details of corporate bonds issued by CITIC Environment's subsidiaries**

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
CITIC Envirotech					
– Medium Term Notes	SG\$	325	2013-09-02	2017-07-02	4.7%-7.25%

	Denominated currency	Face value in denominated currency million	As at 31 December 2015		Interest rate per annum
			Issue date	Maturity date	
CITIC Envirotech					
– Medium Term Notes	SG\$	325	2013-09-02	2017-07-02	4.7%-7.25%

(b) **Notes issued**

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
CITIC Corporation (note (i))	31,296	31,889
CITIC Bank (note (ii))	36,622	37,355
	<b>67,918</b>	69,244

(i) **Details of notes issued by CITIC Corporation**

	Denominated currency	Face value in denominated currency million	As at 30 June 2016		Interest rate per annum
			Issue date	Maturity date	
2010 First tranche medium term note	RMB	3,000	2010-06-08	2020-06-10	4.60%
2010 Second tranche medium term note	RMB	4,000	2010-08-20	2020-08-24	4.40%
2011 First tranche medium term note	RMB	3,000	2011-07-28	2018-08-02	5.85%
2011 Second tranche medium term note-1	RMB	2,000	2011-11-15	2018-11-16	5.10%
2011 Second tranche medium term note-2	RMB	6,000	2011-11-15	2021-11-16	5.30%
2012 Medium term note-1	RMB	4,000	2012-03-28	2019-03-29	5.00%
2012 Medium term note-2	RMB	5,000	2012-03-28	2022-03-29	5.18%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

**(b) Notes issued (continued)**

**(i) Details of notes issued by CITIC Corporation (continued)**

As at 31 December 2015					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
2010 First tranche medium term note	RMB	3,000	2010-06-08	2020-06-10	4.60%
2010 Second tranche medium term note	RMB	4,000	2010-08-20	2020-08-24	4.40%
2011 First tranche medium term note	RMB	3,000	2011-07-28	2018-08-02	5.85%
2011 Second tranche medium term note-1	RMB	2,000	2011-11-15	2018-11-16	5.10%
2011 Second tranche medium term note-2	RMB	6,000	2011-11-15	2021-11-16	5.30%
2012 Medium term note-1	RMB	4,000	2012-03-28	2019-03-29	5.00%
2012 Medium term note-2	RMB	5,000	2012-03-28	2022-03-29	5.18%

**(ii) Details of notes issued by CITIC Bank**

As at 30 June 2016					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Financial debts	<b>RMB</b>	<b>15,000</b>	<b>2013-11-08</b>	<b>2018-11-12</b>	<b>5.20%</b>
Dim Sum bonds	<b>RMB</b>	<b>1,500</b>	<b>2014-02-27</b>	<b>2017-02-27</b>	<b>4.13%</b>
Financial bonds	<b>RMB</b>	<b>7,000</b>	<b>2015-05-21</b>	<b>2020-05-25</b>	<b>3.98%</b>
Financial bonds	<b>RMB</b>	<b>8,000</b>	<b>2015-11-13</b>	<b>2020-11-17</b>	<b>3.61%</b>

As at 31 December 2015					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
Financial debts	RMB	15,000	2013-11-08	2018-11-12	5.20%
Dim Sum bonds	RMB	1,500	2014-02-27	2017-02-27	4.13%
Financial bonds	RMB	7,000	2015-05-21	2020-05-25	3.98%
Financial bonds	RMB	8,000	2015-11-13	2020-11-17	3.61%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

**(c) Subordinated bonds issued**

The balance represents the subordinated debts issued by CITIC bank or CITIC Bank International Limited ("CBI"), a subsidiary of CITIC Bank. The carrying amount of subordinated debts is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Fixed rate notes maturing		
– In June 2020 (note (i))	4,232	4,133
– In September 2022 (note (ii))	2,331	2,307
– In May 2024 (note (iii))	2,377	2,328
Fixed rate bonds maturing		
– In June 2021 (note (iv))	–	2,387
– In May 2025 (note (v))	13,455	13,727
– In June 2027 (note (vi))	23,375	23,845
– In August 2024 (note (vii))	43,244	44,113
	<b>89,014</b>	<b>92,840</b>

As at 30 June 2016					
	Denominated currency	Face value in denominated currency million	Issue date	Maturity date	Interest rate per annum
(i) Subordinated Notes	US\$	500	2010-06-24	2020-06-24	6.88%
(ii) Subordinated Notes	US\$	300	2012-09-27	2022-09-28	3.88%
(iii) Subordinated Notes	US\$	300	2013-11-07	2024-05-07	6.00%
(iv) Subordinated Fixed Rate Bonds	RMB	11,500	2010-05-27	2025-05-28	4.30%
(v) Subordinated Fixed Rate Bonds	RMB	20,000	2012-06-19	2027-06-21	5.15%
(vi) Subordinated Fixed Rate Bonds	RMB	37,000	2014-08-22	2024-08-26	6.13%

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 29 Debt instruments issued (continued)

Notes (continued):

**(c) Subordinated bonds issued (continued)**

		As at 31 December 2015				
		Denominated	Face value in			Interest rate
		currency	denominated	Issue date	Maturity date	per annum
			currency			
			million			
(i)	Subordinated Notes	US\$	500	2010-06-24	2020-06-24	6.88%
(ii)	Subordinated Notes	US\$	300	2012-09-27	2022-09-28	3.88%
(iii)	Subordinated Notes	US\$	300	2013-11-07	2024-05-07	6.00%
(iv)	Subordinated Fixed Rate					
	Bonds	RMB	2,000	2006-06-22	2021-06-22	4.12%
(v)	Subordinated Fixed Rate					
	Bonds	RMB	11,500	2010-05-27	2025-05-28	4.30%
(vi)	Subordinated Fixed Rate					
	Bonds	RMB	20,000	2012-06-19	2027-06-21	5.15%
(vii)	Subordinated Fixed Rate					
	Bonds	RMB	37,000	2014-08-22	2024-08-26	6.13%

**(d) Certificates of deposit issued**

These certificates of deposit were issued by CBI with interest rate ranging from 0.46% to 3.73% per annum (31 December 2015: 0.46% to 3.73% per annum).

**(e) Certificates of interbank deposit issued**

As at 30 June 2016, CITIC Bank issued certain certificates of interbank deposit with a total value of RMB291,972 million (approximately HK\$341,620 million) (31 December 2015: RMB171,356 million (approximately HK\$204,536 million)). The yield ranges from 2.70% to 3.45% per annum (31 December 2015: 2.75% to 4.77% per annum). The original expiry terms are between 1 month to 2 years (31 December 2015: between 1 month to 2 years).



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 30 Share capital and perpetual capital securities

#### (a) Share capital

On 25 August 2014, the Company issued 21,253,879,470 ordinary shares. Immediately prior to this issuance, the number of ordinary shares in issue of the Company was 3,649,444,160.

On 12 August 2015, Xin Ma Apparel International Limited (a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Youngor Group Co., Ltd.) subscribed for 859,218,000 new shares of the Company at a price of HK\$13.95 per share for an aggregate amount of HK\$11,986,091,100.

On 3 August 2015, the Company allotted and issued to Chia Tai Bright Investment Company Limited ("CT Bright") 3,327,721,000 fully paid convertible preferred shares of the Company ("Preferred Shares") for a total consideration of HK\$45,922,549,800. On 14 August 2015, CT Bright converted all of the Preferred Shares at the conversion price of HK\$13.80 per ordinary share and the Company allotted and issued 3,327,721,000 ordinary shares to CT Bright.

As at 30 June 2016, the number of ordinary shares in issue of the Company was 29,090,262,630 (31 December 2015: 29,090,262,630).

#### (b) Perpetual capital securities

In April 2011 and May 2013, the Company issued perpetual subordinated capital securities (the "perpetual capital securities") with a nominal amount of US\$750 million (approximately HK\$5,850 million) and US\$1,000 million (approximately HK\$7,800 million), respectively. These securities are perpetual and the distribution payments can be deferred at the discretion of the Company. Therefore, the perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. On 15 April 2016, the perpetual capital securities of US\$750 million were redeemed by the Company. The amounts as at 30 June 2016 and 31 December 2015 included the accrued distribution payments.

#### (c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's stability and growth, so that it can continue to provide returns for shareholders.

The Group actively and regularly reviews and manages its capital structure, with reference to such financial ratios like debt (total of debt instruments issued and bank and other loans) to total equity ratio, to maintain a balance between the higher shareholders' returns that might be possible with borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under the financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements as at 30 June 2016 (31 December 2015: Nil).

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments

#### (a) Credit commitments

Credit commitments in connection with the financial services segment of the Group take the form of loan commitments, credit card commitments, financial guarantees and letters of credit.

Loan commitments represent the undrawn amount of approved loans with signed contracts. Credit card commitments represent the credit card overdraft limits authorised by the Group. Financial guarantees and letters of credit represent guarantee provided by the Group to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category as at the balance sheet date are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised as at the balance sheet date if counterparties failed to perform as contracted.

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Contractual amount		
Loan commitments		
With an original maturity of within 1 year	194,302	154,627
With an original maturity of 1 year or above	62,321	83,210
	<b>256,623</b>	237,837
Guarantees	178,263	168,190
Letters of credit	105,421	109,784
Acceptances	671,085	753,607
Credit card commitments	220,144	178,015
Others	16	5,040
	<b>1,431,552</b>	1,452,473

#### (b) Credit commitments analysed by credit risk weighted amount

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Credit risk weighted amount on credit commitments	<b>397,448</b>	467,758

Notes:

- (i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the financial services segment of the Group.
- (ii) As at 30 June 2016 and 31 December 2015, the credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the China Banking Regulatory Commission and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments (continued)

#### (c) Bond redemption obligations

As an underwriting agent of PRC government bonds, CITIC Bank has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the Ministry of Finance and the People's Bank of China. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by CITIC Bank, but not yet matured as at the balance sheet date:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Bonds redemption obligations	<b>15,027</b>	15,960

As at 30 June 2016, the original maturities of these bonds vary from one to five years (31 December 2015: one to five years). Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The Ministry of Finance will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

#### (d) Guarantees provided

Except for guarantees that have been recognised as liabilities, the guarantees issued by the Group as at the balance sheet date are as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Related parties	<b>14,731</b>	15,469
Third parties	<b>7,370</b>	7,208
	<b>22,101</b>	22,677

As at 30 June 2016, the guarantees provided by discontinued operations to related parties of HK\$3,056 million and to third parties of HK\$7,251 million were included in the above table respectively.

The relationship of related parties is disclosed in Note 33.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments (continued)

#### (d) Guarantees provided (continued)

Included in the above table, the Group's counter guarantees issued to related parties and third parties as at the balance sheet date are as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Related parties	213	146
Third parties	9	99
	<b>222</b>	<b>245</b>

#### (e) Outstanding litigation and disputes

The Group is involved in a number of current and pending legal proceedings. The Group provided for liabilities arising from those legal proceedings in which the outflow of economic benefit is probable and can be reliably estimated in the consolidated balance sheet. The Group believes that these accruals are reasonable and adequate.

##### (i) The Hong Kong Securities and Futures Commission (the "SFC") Investigation

Following the Company's announcement of a foreign exchange related loss, on 22 October 2008, the SFC announced that it had commenced a formal investigation into the affairs of the Company. On 3 April 2009, the Commercial Crime Bureau of the Hong Kong Police Force began an investigation of suspected offences relating to the same matter.

The SFC announced on 11 September 2014 that it has commenced proceedings in the Court of First Instance of the High Court of Hong Kong (the "High Court") and the Market Misconduct Tribunal (the "MMT"), respectively, against the Company and five of its former executive directors.

The SFC alleges that the Company and the former directors had engaged in market misconduct involving the disclosure of false or misleading information about the Company's financial position in connection with losses that the Company had suffered through its investment in the leveraged foreign exchange contracts.

In the action instigated by the SFC at the MMT, the SFC is asking the MMT to (i) determine whether any market misconduct has taken place, and (ii) identify persons who had engaged in such misconduct. In the event that the MMT makes determinations of market misconduct against either the Company or the former directors, it is understood that the SFC will seek from the High Court orders against those who have been found to have engaged in market misconduct to restore affected investors to their pre-transaction positions or to compensate affected investors for their losses. The SFC has not yet quantified the amount of such restoration or compensation sought in the proceedings in the High Court, which have been stayed pending the MMT results.

The MMT hearing was completed in July 2016 with the outcome pending.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments (continued)

#### (e) Outstanding litigation and disputes (continued)

##### (i) The Hong Kong Securities and Futures Commission (the “SFC”) Investigation (continued)

On 15 October 2014, the Secretary for the Financial Services and the Treasury said that the Police’s investigation into the CITIC matters on aspects outside the subject matters of the SFC’s actions are still ongoing.

In the absence of the findings of these proceedings and investigations being made available to the Company and due to the inherent difficulties involved in attempting to predict the outcome of such proceedings and investigations and in assessing the possible findings, the directors do not have sufficient information to reasonably estimate the fair value of contingent liabilities (if any) relating to such proceedings and investigations, the timing of the ultimate resolution of those matters or what the eventual outcome may be. However, based on information currently available, the directors are not aware of any matters arising from the above proceedings and investigations that might have a material adverse financial impact on the consolidated financial position or liquidity of the Group.

##### (ii) Mineralogy Disputes

The MRSLAs provide that royalties are payable to Mineralogy by each of Sino Iron and Korean Steel on ore mined (Royalty Component A) and concentrate produced (Royalty Component B). The MRSLAs also provide that, unless certain exceptions apply, a Minimum Production Royalty is payable to Mineralogy by each of Sino Iron and Korean Steel where a minimum production level was not achieved by a specified date.

Due to changes in the way in which seaborne-traded iron ore is priced, the Company considers that it is no longer possible to calculate Royalty Component B. Mineralogy and its related companies have commenced a number of proceedings against the Company, Sino Iron, Korean Steel, Sino Iron Holdings Pty Ltd and certain officers of those companies containing or derived from claims for Royalty Component B and/or the Minimum Production Royalty. A number of those proceedings are described above in Note 3(b). To the extent those proceedings have not been permanently stayed or dismissed, they are being vigorously contested by the Group. No trial date has been set in the ongoing royalties proceedings.

In the circumstances, the Group does not consider that a reliable estimate can be made of the amount of any potential liability arising from the royalties proceedings, and, therefore, no provision has been recognised in the Accounts.

There are a number of disputes with Mineralogy. Refer to Note 3(b) for details.

##### (iii) CITIC Resources Holdings Limited (“CITIC Resources”) Litigation

- (1) In August 2014, 山煤煤炭進出口有限公司 (Shanxi Coal Import & Export Co., Ltd.) (“Shanxi Coal I/E”), a wholly-owned subsidiary of 山煤國際能源集團股份有限公司 (Shanxi Coal International Energy Group Co., Ltd.) (“Shanxi Coal Int’l”), commenced a claim in 山西省高級人民法院 (Shanxi High People’s Court) (the “Shanxi Court”) against, amongst others, CITIC Australia Commodity Trading Pty Limited (“CACT”) (the “Claim A”). Shanxi Coal I/E is claiming from CACT (i) the sum of US\$89,755,000 (HK\$700,089,000) plus interest for breach of contract resulting from the alleged non-delivery of certain aluminium ingots by CACT to Shanxi Coal I/E, and (ii) costs in respect of Claim A.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments (continued)

#### (e) Outstanding litigation and disputes (continued)

##### (iii) CITIC Resources Holdings Limited (“CITIC Resources”) Litigation (continued)

Service of Claim A was effected on CACT in September 2015 by way of a public notice issued by the Shanxi Court. Court hearings have been held subsequently. So far, no judgment has been issued by the Shanxi Court in respect of Claim A.

CITIC Resources has noted from an announcement issued by Shanxi Coal Int'l in August 2014 that, in connection with Claim A, Shanxi Coal I/E had obtained an asset protection order over a certain quantity of CACT's alumina and copper stored in bonded warehouses at Qingdao port.

As at 30 June 2016 and the date of approval of the Accounts, CACT remains of the view that Claim A is without merit. Accordingly, no provision was made in respect of Claim A.

- (2) In the second half of 2015, CACT received an arbitration request notice from the International Court of Arbitration of the International Chamber of Commerce (the “ICC”) in respect of an arbitration application by Shanxi Coal I/E pursuant to which, Shanxi Coal I/E is (i) alleging that CACT has entered into two contracts for the supply of, and has failed to deliver, copper cathodes to Shanxi Coal I/E (the “Contracts”); and (ii) claiming the amount of US\$27,890,000 (HK\$217,542,000) as the aggregate purchase price Shanxi Coal I/E alleges it has paid to CACT under the Contracts, plus interest (“Claim B”).

As at 30 June 2016 and the date of approval of the Accounts, CACT considers Claim B to be baseless and the purported submission to arbitration by the ICC wrongful. CACT has not entered into the Contracts as alleged by Shanxi Coal I/E. Accordingly, no provision was made in respect of Claim B.

- (3) In August 2014, CITIC Resources has noted from an announcement issued by Qingdao Port International Co., Ltd. (the “Qingdao Port Announcement”) that a legal complaint dated 14 July 2014 (the “Legal Proceedings”) had been issued by ABN AMRO Bank N.V., Singapore Branch (“ABN AMRO”) against CACT. According to the Qingdao Port Announcement, among other things, ABN AMRO had issued the Legal Proceedings alleging that CACT had taken wrongful preservative measures in respect of cargo over which ABN AMRO claims it had been granted a pledge (the “Subject Cargo”) and is seeking an order that (i) CACT compensate ABN AMRO for loss of RMB1,000,000 (HK\$1,167,000); (ii) CACT withdraw its asset protection order over the Subject Cargo; and (iii) CACT bear all fees and legal costs of the Legal Proceedings.

Up to the date of approval of the Accounts, CACT has not been served with the Legal Proceedings and is, therefore, unable to consider or comment on the substance of the Legal Proceedings. Accordingly, no provision was made in respect of the Legal Proceedings.

- (iv) **There are some issues in dispute with MCC, and their details are disclosed in Note 3(a).**

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 31 Contingent liabilities and commitments (continued)

#### (f) Capital commitments

As at the balance sheet date, the Group had the following contracted capital commitments not provided for in the Accounts:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Contracted for	<b>21,363</b>	30,888

As at 30 June 2016, the capital commitments of discontinued operations of HK\$7,877 million were included in the above table.

#### (g) Operating lease commitments

The Group leases certain properties and fixed assets under operating leases. As at the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Within 1 year	<b>4,536</b>	4,469
Between 1 and 2 years	<b>3,746</b>	3,794
Between 2 and 3 years	<b>2,921</b>	3,141
Over 3 years	<b>9,069</b>	10,429
	<b>20,272</b>	21,833

As at 30 June 2016, the operating lease commitments of discontinued operations of HK\$105 million were included in the above table.

### 32 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Group. The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly updates and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with policies and procedures.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligation when due. For loan business, the Group identifies and manages the credit risk through its target markets definitions, credit approval process, post-disbursement monitoring and remedial management procedures. In respect of treasury businesses, credit risk mainly represents impairment losses of debt securities due to default by issuers, and inability of derivative counterparties in fulfilling their obligations. The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-financial services segments. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available.

#### (i) Maximum credit risk exposure

The maximum exposure to credit risk as at the balance sheet date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the balance sheet after deducting any impairment allowance. A summary of the maximum exposure is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Deposits with central banks, banks and non-bank financial institutions	865,589	792,788
Placements with banks and non-bank financial institutions	128,762	141,775
Financial assets at fair value through profit or loss	71,538	33,682
Derivative financial assets	26,976	16,509
Trade and other receivables	110,175	118,008
Financial assets held under resale agreements	113,199	165,391
Loans and advances to customers and other parties	3,153,019	2,947,798
Available-for-sale financial assets	517,843	449,769
Held-to-maturity investments	225,507	216,267
Investments classified as receivables	1,380,912	1,331,281
	<b>6,593,520</b>	6,213,268
Credit commitments and guarantees provided	1,453,653	1,475,150
Maximum credit risk exposure	<b>8,047,173</b>	7,688,418



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (a) Credit risk (continued)

##### (ii) Distribution by credit exposure is as follows:

	As at 30 June 2016				
	Loans and advances to customers and other parties HK\$ million	Due from central banks, banks and non-bank financial institutions HK\$ million	Financial asset held under resale agreements HK\$ million	Debt securities investments and certificates of deposit HK\$ million	Investments classified as receivables HK\$ million
<b>Impaired</b>					
Individually assessed					
Gross balance	37,450	36	-	4,632	480
Allowance for impairment losses	(23,070)	(10)	-	(46)	(150)
	14,380	26	-	4,586	330
Collectively assessed					
Gross balance	11,588	-	-	-	-
Allowance for impairment losses	(8,278)	-	-	-	-
	3,310	-	-	-	-
<b>Overdue but not impaired (note (1))</b>					
Gross balance	72,829	-	-	-	-
Within which:					
- Within 3 months	53,131	-	-	-	-
- Between 3 months and 1 year	19,698	-	-	-	-
Allowance for impairment losses	(8,524)	-	-	-	-
	64,305	-	-	-	-
<b>Neither overdue nor impaired</b>					
Gross balance	3,106,046	994,325	113,199	809,400	1,383,375
Allowance for impairment losses (note (2))	(35,022)	-	-	(68)	(2,793)
	3,071,024	994,325	113,199	809,332	1,380,582
Net balance	3,153,019	994,351	113,199	813,918	1,380,912

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (a) Credit risk (continued)

##### (ii) Distribution by credit exposure is as follows (continued):

	As at 31 December 2015				
	Loans and advances to customers and other parties HK\$ million	Due from central banks, banks and non-bank financial institutions HK\$ million	Financial asset held under resale agreements HK\$ million	Debt securities investments and certificates of deposit HK\$ million	Investments classified as receivables HK\$ million
<b>Impaired</b>					
Individually assessed					
Gross balance	37,094	36	-	198	33
Allowance for impairment losses	(21,973)	(10)	-	(128)	(16)
	15,121	26	-	70	17
Collectively assessed					
Gross balance	9,553	-	-	-	-
Allowance for impairment losses	(6,978)	-	-	-	-
	2,575	-	-	-	-
<b>Overdue but not impaired (note (1))</b>					
Gross balance	49,896	-	-	-	148
Within which:					
- Within 3 months	41,997	-	-	-	148
- Between 3 months and 1 year	7,899	-	-	-	-
Allowance for impairment losses	(6,685)	-	-	-	(44)
	43,211	-	-	-	104
<b>Neither overdue nor impaired</b>					
Gross balance	2,927,541	934,537	165,391	696,455	1,332,290
Allowance for impairment losses (note (2))	(40,650)	-	-	(89)	(1,130)
	2,886,891	934,537	165,391	696,366	1,331,160
Net balance	2,947,798	934,563	165,391	696,436	1,331,281

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (a) Credit risk (continued)

##### (ii) Distribution by credit exposure is as follows (continued):

Notes:

- (1) Collateral and other credit enhancements for overdue but not impaired loans and advances

As at 30 June 2016, the corporate loans and advances of the Group which were overdue but not impaired were HK\$60,468 million (31 December 2015: HK\$36,693 million). As at 30 June 2016, the secured portion of these loans and advances were HK\$35,987 million (31 December 2015: HK\$21,471 million), and the remaining loans and advances were unsecured.

The fair value of collateral held against these loans and advances amounted to HK\$43,779 million as at 30 June 2016 (31 December 2015: HK\$28,290 million).

The fair value of collateral was estimated by management based on the latest available external valuations, if any, adjusted by taking into account the current realisation experience as well as market situation.

- (2) The balance represents collectively assessed allowance for impairment losses.

##### (iii) Loans and advances to customers and other parties analysed by industry sector:

	As at 30 June 2016			As at 31 December 2015		
	Gross balance HK\$ million	%	Loans and advances secured by collateral HK\$ million	Gross balance HK\$ million	%	Loans and advances secured by collateral HK\$ million
Corporate loans						
– Manufacturing	487,968	15%	247,544	494,368	17%	240,563
– Real estate	352,727	11%	303,596	307,585	10%	261,357
– Wholesale and retail	299,809	9%	185,796	311,149	10%	192,861
– Rental and business services	189,569	6%	112,009	176,416	6%	103,917
– Transportation, storage and postal services	184,784	6%	94,790	176,102	6%	86,347
– Water, environment and public utility management	166,081	5%	83,900	152,110	5%	76,776
– Construction	120,610	4%	54,698	122,469	4%	57,306
– Production and supply of electric power, gas and water	69,829	2%	25,120	65,296	2%	24,134
– Public management and social organisations	25,885	1%	5,725	24,869	1%	5,825
– Others	297,011	9%	124,941	284,921	9%	116,578
	<b>2,194,273</b>	<b>68%</b>	<b>1,238,119</b>	2,115,285	70%	1,165,664
Personal loans	940,787	29%	689,900	798,078	26%	571,250
Discounted bills	92,853	3%	–	110,721	4%	–
	<b>3,227,913</b>	<b>100%</b>	<b>1,928,019</b>	3,024,084	100%	1,736,914

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (a) Credit risk (continued)

##### (iv) Loans and advances to customers and other parties analysed by geographical sector:

	As at 30 June 2016			As at 31 December 2015		
	Gross balance HK\$ million	%	Loans and advances secured by collateral HK\$ million	Gross balance HK\$ million	%	Loans and advances secured by collateral HK\$ million
Mainland China	3,051,511	94%	1,851,067	2,852,755	94%	1,665,593
Hong Kong and Macau	157,157	5%	63,338	146,504	5%	55,634
Overseas	19,245	1%	13,614	24,825	1%	15,687
	<b>3,227,913</b>	<b>100%</b>	<b>1,928,019</b>	<b>3,024,084</b>	<b>100%</b>	<b>1,736,914</b>

##### (v) Rescheduled loans and advances to customers and other parties

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider.

	As at 30 June 2016		As at 31 December 2015	
	Gross balance HK\$ million	% of total loans and advances	Gross balance HK\$ million	% of total loans and advances
Rescheduled loans and advances overdue less than 3 months	3,845	0.12%	3,786	0.13%
Rescheduled loans and advances overdue more than 3 months	6,960	0.22%	6,339	0.21%
	<b>10,805</b>	<b>0.34%</b>	<b>10,125</b>	<b>0.34%</b>

##### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at 30 June 2016, the Group did not enter into enforceable master netting arrangements with counterparties and therefore there were no offsettings of any assets and liabilities in the consolidated balance sheet (31 December 2015: Nil).

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (b) Liquidity risk

Liquidity risk arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

Each of the Group's operating entity formulates liquidity risk management policies and procedures within the Group's overall liquidity risk management framework and takes into consideration of the business and regulatory requirements applicable to individual entity.

The Group manages liquidity risk by holding liquid assets (including deposits, other short term funds and securities) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The following tables indicate the analysis by remaining maturities of the Group's financial assets and liabilities:

	As at 30 June 2016					
	Repayable on demand HK\$ million	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	No maturity date HK\$ million	Total HK\$ million
Total financial assets	361,108	3,339,727	1,494,827	852,024	603,746	6,651,432
Total financial liabilities	(2,529,900)	(3,217,078)	(553,477)	(157,403)	(2,127)	(6,459,985)
Financial asset-liability gap	(2,168,792)	122,649	941,350	694,621	601,619	191,447

	As at 31 December 2015					
	Repayable on demand HK\$ million	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	No maturity date HK\$ million	Total HK\$ million
Total financial assets	313,863	3,302,808	1,384,146	702,505	570,499	6,273,821
Total financial liabilities	(1,981,905)	(3,242,186)	(623,643)	(197,096)	(1,766)	(6,046,596)
Financial asset-liability gap	(1,668,042)	60,622	760,503	505,409	568,733	227,225

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (b) Liquidity risk (continued)

Credit Commitments include loan commitments, acceptances, credit card commitments, guarantees, letters of credit and others. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

	As at 30 June 2016			
	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	Total HK\$ million
Acceptances	671,085	–	–	671,085
Credit card commitments	220,144	–	–	220,144
Guarantees	101,889	72,976	3,398	178,263
Loan commitments	122,285	81,166	53,172	256,623
Letters of credit	104,326	898	197	105,421
Others	–	16	–	16
<b>Total</b>	<b>1,219,729</b>	<b>155,056</b>	<b>56,767</b>	<b>1,431,552</b>

	As at 31 December 2015			
	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	Total HK\$ million
Acceptances	753,607	–	–	753,607
Credit card commitments	178,015	–	–	178,015
Guarantees	102,315	63,774	2,101	168,190
Loan commitments	106,754	74,868	56,215	237,837
Letters of credit	108,840	944	–	109,784
Others	–	5,040	–	5,040
<b>Total</b>	<b>1,249,531</b>	<b>144,626</b>	<b>58,316</b>	<b>1,452,473</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (c) Interest rate risk

Each of the Group's operating entity has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of risks. The Group manages interest rate risk to control potential loss from interest rate risk at an acceptable level.

#### (i) Asset-liabilities gap

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rate volatility.

	As at 30 June 2016				
	Non-interest bearing HK\$ million	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	Total HK\$ million
Total financial assets	204,339	5,445,407	779,275	222,411	6,651,432
Total financial liabilities	(230,055)	(5,547,651)	(526,933)	(155,346)	(6,459,985)
Financial asset-liability gap	(25,716)	(102,244)	252,342	67,065	191,447

	As at 31 December 2015				
	Non-interest bearing HK\$ million	Within 1 year HK\$ million	Between 1 and 5 years HK\$ million	More than 5 years HK\$ million	Total HK\$ million
Total financial assets	202,696	4,872,776	1,006,508	191,841	6,273,821
Total financial liabilities	(217,139)	(5,086,478)	(566,746)	(176,233)	(6,046,596)
Financial asset-liability gap	(14,443)	(213,702)	439,762	15,608	227,225

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (c) Interest rate risk (continued)

##### (ii) Effective interest rate

	Effective interest rate	As at 30 June 2016 HK\$ million	Effective interest rate	As at 31 December 2015 HK\$ million
<b>Assets</b>				
Cash and deposits	1.31%-1.54%	873,526	1.22%-1.47%	801,615
Placements with banks and non-bank financial institutions	2.59%	128,762	2.59%	141,775
Financial assets held under resale agreements	2.33%	113,199	3.90%	165,391
Loans and advances to customers and other parties	4.96%	3,153,019	5.85%	2,947,798
Investments classified as receivables	4.11%	1,380,912	5.20%	1,331,281
Investments (note (1))	3.63%	937,518	3.86%	824,808
Others		677,881		590,641
		<b>7,264,817</b>		<b>6,803,309</b>
<b>Liabilities</b>				
Borrowing from central banks	3.08%	91,380	3.50%	44,761
Deposits from banks and non-bank financial institutions	2.88%	1,339,053	3.80%	1,275,421
Placements from banks and non-bank financial institutions	2.19%	56,813	1.81%	58,141
Financial assets sold under repurchase agreements	2.49%	22,536	2.43%	84,949
Deposits from customers	1.77%	4,010,328	2.16%	3,766,848
Bank and other loans	0.31%-7.86%	110,779	0.63%-8.50%	147,221
Debt instruments issued	2.55%-7.25%	609,098	1.00%-7.25%	449,772
Others		369,213		313,027
		<b>6,609,200</b>		<b>6,140,140</b>

Note:

- (i) The Group's investments include financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and interests in associates and joint ventures. The calculation of effective interest rate is based on the interest yielding part of the financial assets.



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (c) Interest rate risk (continued)

##### (iii) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's profit or loss. As at 30 June 2016, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, the Group's annualised profit before taxation would decrease or increase by HK\$3,651 million (31 December 2015: the Group's annual profit before taxation would decrease or increase by HK\$2,968 million).

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain simplified assumptions. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (1) all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature at the beginning of the respective periods; (2) there is a parallel shift in the yield curve and in interest rates; and (3) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

#### (d) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group measures its currency risk with foreign currency exposures, and manages currency risk by entering into spot foreign exchange transactions, use of derivatives (mainly foreign forwards and swaps), and matching its foreign currency denominated assets with corresponding liabilities in the same currency.

The revenue from the Group's Sino Iron Project will be denominated in US\$, which is also the functional currency for this entity. A substantial portion of its development and operating expenditure are denominated in Australian Dollars. The Group entered into plain vanilla forward contracts to manage the foreign currency risks.

The Group funded the Sino Iron Project and the acquisition of bulk cargo vessels by borrowing US\$ loans to match the future cash outflows of these assets. The Group's investments in the Sino Iron Project and bulk cargo vessels (whose functional currency is in US\$) have been designated as an accounting hedge against other US\$ loans.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (d) Currency risk (continued)

The exposure to currency risk arising from the financial assets and financial liabilities at the balance sheet date is as follows (expressed in HK\$ million):

	As at 30 June 2016				
	HK\$	US\$	RMB	Others	Total
Total financial assets	161,882	353,893	6,089,739	45,918	6,651,432
Total financial liabilities	(163,390)	(452,303)	(5,783,410)	(60,882)	(6,459,985)
Financial asset-liability gap	(1,508)	(98,410)	306,329	(14,964)	191,447

	As at 31 December 2015				
	HK\$	US\$	RMB	Others	Total
Total financial assets	142,259	358,265	5,729,973	43,324	6,273,821
Total financial liabilities	(137,807)	(437,680)	(5,403,623)	(67,486)	(6,046,596)
Financial asset-liability gap	4,452	(79,415)	326,350	(24,162)	227,225

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's profit or loss.

Assuming all other risk variables remained constant, a 100 basis points strengthening or weakening of HK\$ against the US\$, RMB and other currencies as at 30 June 2016 would decrease or increase the Group's annualised profit before taxation by HK\$1,930 million (31 December 2015: decrease or increase the Group's annual profit before taxation by HK\$2,228 million).

This sensitivity analysis is based on a static foreign exchange exposure profile of financial assets and financial liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (1) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against HK\$; and (2) the exchange rates against HK\$ for all foreign currencies changes in the same direction simultaneously and does not take into account the correlation effect of changes in different foreign currencies; and (3) the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Because of its hypothetical nature with the assumptions adopted, actual changes in the Group's profit before taxation resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (e) Fair values

##### (i) Financial instruments carried at fair value

The following table presents the carrying amounts of financial instruments measured at fair value as at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 13 Fair value measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted market for similar active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;
- If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there were no available observable current market transactions prices for similar instruments, quoted prices from counterparty is used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (e) Fair values (continued)

##### (i) Financial instruments carried at fair value (continued)

	As at 30 June 2016			Total HK\$ million
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	
<b>Assets</b>				
Financial assets at fair value through profit or loss	4,157	70,093	35	74,285
Derivative financial assets	34	26,936	6	26,976
Available-for-sale financial assets	54,447	492,381	18,152	564,980
	58,638	589,410	18,193	666,241
<b>Liabilities</b>				
Derivative financial liabilities	(13)	(31,960)	(874)	(32,847)

	As at 31 December 2015			Total HK\$ million
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	
<b>Assets</b>				
Financial assets at fair value through profit or loss	4,713	35,597	81	40,391
Derivative financial assets	20	16,485	4	16,509
Available-for-sale financial assets	57,070	417,381	18,911	493,362
	61,803	469,463	18,996	550,262
<b>Liabilities</b>				
Derivative financial liabilities	(1)	(16,566)	(908)	(17,475)

During the six months ended 30 June 2016, there were no significant transfers between instruments in different levels (six months ended 30 June 2015: Nil) and no significant changes in valuation techniques for determining the fair values of the instruments (six months ended 30 June 2015: Nil).

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (e) Fair values (continued)

##### (i) Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Six months ended 30 June 2016				
	Financial assets at fair value through profit or loss HK\$ million	Assets			Liabilities
		Derivative financial assets HK\$ million	Available-for-sale financial assets HK\$ million	Total HK\$ million	Derivative financial liabilities HK\$ million
As at 1 January 2016	81	4	18,911	18,996	(908)
Total (loss)/gains					
– in profit or loss	(44)	4	35	(5)	(4)
– in other comprehensive loss	–	–	(127)	(127)	36
Net settlements	(2)	(2)	(667)	(671)	2
As at 30 June 2016	35	6	18,152	18,193	(874)
Total (loss)/gains for the period included in profit or loss for assets and liabilities held in Level 3 as at the balance sheet date	(44)	4	35	(5)	(4)

	Six months ended 30 June 2015				
	Financial assets at fair value through profit or loss HK\$ million	Assets			Liabilities
		Derivative financial assets HK\$ million	Available-for-sale financial assets HK\$ million	Total HK\$ million	Derivative financial liabilities HK\$ million
As at 1 January 2015	21	9	34,255	34,285	(765)
Total gains/(loss):					
– in profit or loss	40	(1)	547	586	161
– in other comprehensive income	–	–	326	326	–
Net settlements	(29)	(2)	(169)	(200)	–
As at 30 June 2015	32	6	34,959	34,997	(604)
Total gains/(loss) for the period included in profit or loss for assets and liabilities held in Level 3 as at the balance sheet date	40	(1)	547	586	161

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (e) Fair values (continued)

##### (ii) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts and fair values of the Group's financial assets and liabilities, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	As at 30 June 2016				
	Carrying amount HK\$ million	Fair value HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
<b>Financial assets</b>					
Held-to-maturity investments	225,507	230,981	1,163	229,730	88
Investments classified as receivables	1,380,912	1,401,925	–	1,401,925	–
	1,606,419	1,632,906	1,163	1,631,655	88
<b>Financial liabilities</b>					
Debt instruments issued					
– Corporate bonds issued	97,589	101,760	3,620	98,140	–
– Notes issued	67,918	70,104	–	70,104	–
– Subordinated bonds issued	89,014	94,215	9,261	84,954	–
– Certificates of deposit (not for trading purpose)	12,957	12,974	–	12,974	–
– Certificates of interbank deposit issued	341,620	341,649	–	341,649	–
	609,098	620,702	12,881	607,821	–
<b>As at 31 December 2015</b>					
	Carrying amount HK\$ million	Fair value HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million
<b>Financial assets</b>					
Held-to-maturity investments	216,267	222,501	1,131	221,298	72
Investments classified as receivables	1,331,281	1,345,573	–	1,345,573	–
	1,547,548	1,568,074	1,131	1,566,871	72
<b>Financial liabilities</b>					
Debt instruments issued					
– Corporate bonds issued	72,762	74,593	3,353	71,240	–
– Notes issued	69,244	71,174	–	71,174	–
– Subordinated bonds issued	92,840	99,288	9,090	90,198	–
– Certificates of deposit (not for trading purpose)	10,390	10,392	–	10,392	–
– Certificates of interbank deposit issued	204,536	204,709	–	204,709	–
	449,772	460,156	12,443	447,713	–

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 32 Financial risk management and fair values (continued)

#### (e) Fair values (continued)

##### (iii) Estimation of fair values

As at the balance sheet date, the Group adopted the following major methods and assumptions in estimating the fair value of financial instruments.

##### *Debt securities and equity investments*

Fair value is based on quoted market prices as at the balance sheet date for trading financial assets and liabilities (excluding derivatives), available-for-sale financial assets, and held-to-maturity investments if there is an active market. If an active market does not exist for available-for-sale financial assets, the fair value is determined using valuation techniques.

##### *Loans and advances to customers and other parties, bank and other loans*

Loans and advances to customers and other parties, and bank and other loans are repriced at market rates at least annually. Accordingly, their carrying amounts approximate their fair values.

##### *Placements with banks and non-bank financial institutions, financial assets held/sold under resale/repurchase agreements*

Placements with banks and non-bank financial institutions, financial assets held/sold under resale/repurchase agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying amounts approximate their fair values.

##### *Derivatives*

The fair values of foreign currency and interest rate contracts are either based on their listed market prices or by discounted cash flow model at the measurement date.

##### *Financial guarantees*

The fair values of financial guarantees are determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

### 33 Material related party

#### (a) Relationship of related parties

- (i) In addition to subsidiaries, related parties include parent company, holding company's fellow entities, associates and joint ventures of the Group.
- (ii) CITIC Group, the parent and the ultimate controlling shareholder of the Group, is a state-owned company established in Beijing in 1979.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 33 Material related party (continued)

#### (b) Related party transactions

##### (i) Transaction amounts with related parties

	Six months ended 30 June 2016			
	Parent company HK\$ million	Holding company's fellow entities HK\$ million	Associates and joint ventures HK\$ million	Total HK\$ million
Sales of goods	–	13	5	18
Purchase of goods	–	9	37	46
Interest income (note (2))	9	83	110	202
Interest expenses	3	19	208	230
Fee and commission income	–	6	18	24
Fee and commission expenses	–	–	3	3
Income from other services	–	43	40	83
Expenses for other services	–	222	4	226
Interest income from deposits and receivables	–	32	63	95
Other operating expenses	–	10	19	29

	Six months ended 30 June 2015			
	Parent company HK\$ million	Holding company's fellow entities HK\$ million	Associates and joint ventures HK\$ million	Total HK\$ million
Sales of goods	–	133	–	133
Purchase of goods	–	4	12	16
Interest income (note (2))	8	27	21	56
Interest expenses	165	9	195	369
Fee and commission income	–	2	50	52
Fee and commission expenses	–	–	47	47
Income from other services	–	18	8	26
Expenses for other services	–	265	26	291
Interest income from deposits and receivables	–	44	2	46
Other operating expenses	–	1	65	66

Notes:

- (1) These above transactions with related parties were conducted under the normal commercial terms.
- (2) Interest rates of loans and advances to the related parties were determined at rates negotiated between the Group and the corresponding related parties on a case by case basis.
- (3) During the relevant periods, CITIC Bank, a subsidiary of the Group, entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer, wealth management, investment, deposit, clearing and off-balance sheet transactions. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.



## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 33 Material related party (continued)

#### (b) Related party transactions (continued)

##### (ii) Outstanding balances with related parties

	As at 30 June 2016			Total HK\$ million
	Parent company HK\$ million	Holding company's fellow entities HK\$ million	Associates and joint ventures HK\$ million	
Trade and other receivables	5	3,101	6,260	9,366
Loans and advances (note (2))	-	8,411	4,485	12,896
Placements with banks and non-bank financial institutions	-	36	167	203
Cash and deposits	-	-	245	245
Derivative financial instruments and other assets	-	-	275	275
Trade and other payables	3,007	24,368	14,761	42,136
Deposits from customers	446	5,597	16,659	22,702
Deposits from banks and non-bank financial institutions	-	2	18,419	18,421
Derivative financial instruments and other liabilities	-	38	1,052	1,090
Guarantees provided (note (3))	-	213	14,518	14,731

	As at 31 December 2015			Total HK\$ million
	Parent company HK\$ million	Holding company's fellow entities HK\$ million	Associates and joint ventures HK\$ million	
Trade and other receivables	78	3,627	8,868	12,573
Loans and advances (note (2))	-	8,814	3,187	12,001
Placements with banks and non-bank financial institutions	-	27	-	27
Cash and deposits	-	-	116	116
Derivative financial instruments and other assets	-	-	72	72
Trade and other payables	3,251	24,425	1,250	28,926
Deposits from customers	1,938	3,116	26,753	31,807
Deposits from banks and non-bank financial institutions	-	5	28,161	28,166
Derivative financial instruments and other liabilities	-	9	771	780
Guarantees provided (note (3))	-	146	15,323	15,469

Notes:

- (1) The above transactions were negotiated and carried out in accordance with the normal commercial terms.
- (2) Interest rates of loans and advances to the related parties were determined at rates negotiated between the Group and the corresponding related parties on a case by case basis.
- (3) The guarantees provided by the Group to the related parties were based on the terms agreed between the Group and the related parties on a case by case basis.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 33 Material related party *(continued)*

#### (c) Transactions with other state-owned entities in the PRC

In addition to these related party transactions disclosed in Note 33(b), transactions with other state-owned entities include but are not limited to the following:

- sales and purchases of goods and provision of services;
- leases of assets;
- lending and deposit taking;
- taking and placing of inter-bank balances;
- derivative transactions;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services; and
- sale, purchase, underwriting and redemption of bonds issued by other state-owned entities.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 34 Structured entities

#### (a) Consolidated structured entities

The principal guaranteed wealth management products issued and managed by CITIC Bank, a subsidiary of the Group, represent products to which CITIC Bank has guaranteed the investor's principal investment. The investments of the wealth management products and the corresponding source of funding are categorised as financial assets and financial liabilities in accordance with the accounting policies.

#### (b) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in debt securities issued by these structured entities. Such structured entities include wealth management products, investment management products managed by securities companies, trust investment plans, asset-backed financings and investment funds and the Group does not consolidate these structured entities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at the balance sheet date in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the balance sheet in which the relevant assets are recognised:

Carrying amount	As at 30 June 2016						
	Financial assets at fair value through profit or loss HK\$ million	Held-to-maturity investments HK\$ million	Available-for-sale financial assets HK\$ million	Investments classified as receivables HK\$ million	Total HK\$ million	Guarantees HK\$ million	Maximum loss exposure HK\$ million
Wealth management products	-	-	17,737	236,344	254,081	-	254,081
Investment management products managed by securities companies	-	-	178	1,013,841	1,014,019	-	1,014,019
Trust investment plans	-	-	3,759	129,891	133,650	-	133,650
Asset-backed securities	-	3,418	8,893	-	12,311	-	12,311
Investment funds	351	-	4,592	-	4,943	-	4,943
<b>Total</b>	<b>351</b>	<b>3,418</b>	<b>35,159</b>	<b>1,380,076</b>	<b>1,419,004</b>	<b>-</b>	<b>1,419,004</b>

Carrying amount	As at 31 December 2015						
	Financial assets at fair value through profit or loss HK\$ million	Held-to-maturity investments HK\$ million	Available-for-sale financial assets HK\$ million	Investments classified as receivables HK\$ million	Total HK\$ million	Guarantees HK\$ million	Maximum loss exposure HK\$ million
Wealth management products	-	-	21,206	176,186	197,392	-	197,392
Investment management products managed by securities companies	-	-	420	986,698	987,118	-	987,118
Trust investment plans	-	-	4,836	167,074	171,910	5,040	176,950
Asset-backed financings	-	6,333	6,150	-	12,483	-	12,483
Investment funds	3,227	-	2,133	-	5,360	-	5,360
<b>Total</b>	<b>3,227</b>	<b>6,333</b>	<b>34,745</b>	<b>1,329,958</b>	<b>1,374,263</b>	<b>5,040</b>	<b>1,379,303</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 34 Structured entities (continued)

#### (c) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The investments issued by unconsolidated structured entities sponsored by the Group are primarily wealth management products and trust plans without principal and/or return guarantee. The nature and purpose of these structured entities are for the Group to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of products to investors. Interest held by the Group includes fees charged by providing management services and investment made by the Group.

##### **Wealth management products and trust plans**

As at 30 June 2016, the aggregate amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and trust plans which are sponsored by the Group was HK\$2,185,222 million (31 December 2015: HK\$1,977,449 million).

As at 30 June 2016, the carrying amounts of management fee receivables being recognised in the balance sheet were HK\$679 million (31 December 2015: HK\$650 million.)

As at 30 June 2016, the amount of placements from the Group with non-principal-guaranteed wealth management products sponsored by the Group was HK\$32,878 million (31 December 2015: HK\$30,158 million).

During the six months ended 30 June 2016, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group was HK\$47,529 million (six months ended 30 June 2015: HK\$38,246 million). In the opinion of management, these transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

During the six months ended 30 June 2016, the amount of fee and commission income recognised from the above mentioned structured entities sponsored by the Group was HK\$6,786 million (six months ended 30 June 2015: HK\$5,056 million).

##### **Securitisation vehicle**

CITIC Bank enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. CITIC Bank may retain interests in the form of subordinated tranches which would give rise to CITIC Bank's retention of risk and rewards on the transferred assets. CITIC Bank will assess whether to derecognise the assets or not based on the extent of risks and rewards retained. For the six months ended 30 June 2016, CITIC Bank has derecognised loans and advances of HK\$1,585 million in the asset-backed securitisation transactions (six months ended 30 June 2015: Nil). As at 30 June 2016, CITIC Bank neither transferred nor retained substantially all risks and rewards of ownership of certain transferred assets and retained the control of the transferred assets. CITIC Bank recognised HK\$577 million in both assets and liabilities representing its continuing involvement in this connection (31 December 2015: HK\$341 million). In addition, CITIC Bank also disposed of its loans and advances to customers in the ordinary course of business during the six months ended 30 June 2016.

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 35 Discontinued operations

On 14 March 2016, the Company, CITIC Pacific and CITIC Corporation entered into an agreement with China Overseas Land & Investment Limited ("China Overseas") to sell the Group's interest in certain residential real estate projects in the PRC to one of the affiliates of China Overseas. As a result, the assets and liabilities related to such residential real estate projects have been classified as held for sale following this agreement.

In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the results and cash flows of the above mentioned residential real estate projects have been included in the discontinued operations of the Group. Comparative figures for the six months ended 30 June 2015 have been reclassified accordingly.

**(a) The aggregate results of the discontinued operations were as follows:**

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Revenue	7,484	4,899
Expenses	(10,415)	(5,412)
Loss before taxation	(2,931)	(513)
Income tax	(1,851)	(98)
<b>Loss arising from discontinued operations</b>	<b>(4,782)</b>	<b>(611)</b>
Attributable to:		
– Ordinary shareholders of the Company	(4,736)	(486)
– Non-controlling interests	(46)	(125)
	<b>(4,782)</b>	<b>(611)</b>

**(b) Cumulative income recognised in other comprehensive income relating to disposal group classified as held for sale**

	30 June 2016 HK\$ million
Cumulative income recognised in other comprehensive income relating to disposal group classified as held for sale	617

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 35 Discontinued operations (continued)

#### (c) Assets and liabilities of disposal group classified as held for sale

	30 June 2016 HK\$ million
<b>Assets</b>	
Cash and deposits	9,267
Trade and other receivables	10,630
Inventories	103,642
Available-for-sale financial assets	340
Interests in associates	436
Interests in joint ventures	2,420
Fixed assets	3,902
Investment properties	1,543
Intangible assets	873
Deferred tax assets	642
Other assets	1,447
	<b>135,142</b>
<b>Liabilities</b>	
Trade and other payables	41,967
Employee benefits payables	935
Income tax payable	156
Bank and other loans	37,214
Debt instruments issued	5,785
Provisions	131
Deferred tax liabilities	1,146
Other liabilities	1,361
	<b>88,695</b>

## Notes to the Consolidated Financial Statements

For the six months ended 30 June 2016

### 36 Major Transactions with non-controlling interests

#### Acquisition of additional interests in indirectly held subsidiaries

In January 2016, CITIC Corporation acquired an additional 11.63% interests in CITIC Real Estate for an aggregate purchase consideration of RMB3,028 million (approximately HK\$3,601 million). The Group recognised a decrease in non-controlling interests of HK\$1,589 million, and a decrease in equity attributable to shareholders of the Company of HK\$2,012 million.

For the six months period ended 30 June 2016, the Company through its subsidiary(ies) increased its shareholding in CITIC Bank by acquiring approximately 1.00% equity interests, for an aggregate purchase consideration of HK\$2,229 million. The Group recognised a decrease in non-controlling interests of HK\$3,874 million, and an increase in equity attributable to shareholders of the Company of HK\$1,645 million.

The effect of changes in the ownership interest of CITIC Real Estate and CITIC Bank on the equity attributable to shareholders of the Company during the period is summarised as follows:

	30 June 2016 HK\$ million
Carrying amount of non-controlling interests acquired	<b>5,463</b>
Consideration paid to non-controlling interests	<b>(5,830)</b>
Excess of consideration paid recognised within equity	<b>(367)</b>

### 37 Post balance sheet events

There have been no events subsequent to the period end which require further adjustments or disclosures therein.

## Report on Review of Interim Financial Information



羅兵咸永道

### TO THE BOARD OF DIRECTORS OF CITIC LIMITED

*(incorporated in Hong Kong with limited liability)*

## Introduction

We have reviewed the interim condensed financial information set out on pages 33 to 117, which comprises the consolidated balance sheet of CITIC Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26 August 2016

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## Statutory Disclosure

### Interim Dividend and Closure of Register of Members

The directors have declared an interim dividend of HK\$0.10 per share (2015: HK\$0.10 per share) for the year ending 31 December 2016, payable on Friday, 30 September 2016 to shareholders whose names appear on the Company's register of members on Thursday, 22 September 2016. The register of members of the Company will be closed from Monday, 19 September 2016 to Thursday, 22 September 2016, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 15 September 2016.

### Share Option Plan Adopted by the Company

#### CITIC Pacific Share Incentive Plan 2011

The CITIC Pacific Share Incentive Plan 2000 adopted by the Company on 31 May 2000 for a term of ten years expired on 30 May 2010. The Company adopted a new plan, the CITIC Pacific Share Incentive Plan 2011 (the "Plan 2011") on 12 May 2011, the purpose of which is to promote the interests of the Company and its shareholders by providing the eligible participants with additional incentives to continue and increase their efforts in achieving success in the business of the Group, and attracting and retaining the best available personnel to participate in the on-going business operation of the Group. Pursuant to the Plan 2011, the board may at its discretion offer to grant share options to any eligible participant including any employee, executive director, non-executive director, independent non-executive director or officer, consultant or representative of any member of the Company who shall make payment of HK\$1.00 to the Company on acceptance. The subscription price determined by the board will not be less than the higher of (i) the nominal value of the Company's shares; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on the date of offer of the grant; and (iii) the average of the closing prices of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant. The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Plan 2011 must not in aggregate exceed 10% of the Company's shares in issue as at the date of adopting the Plan 2011. As at 30 June 2016, the total number of shares available for issue under the Plan 2011 is 364,944,416 shares.

No share options were granted under the Plan 2011 during the period ended 30 June 2016.

## Statutory Disclosure

### Share Option Plan Adopted by Subsidiaries of the Company

#### CITIC Telecom International Holdings Limited (“CITIC Telecom”)

CITIC Telecom adopted a share option plan (“CITIC Telecom Share Option Plan”) on 17 May 2007. As approved at the annual general meeting of CITIC Telecom held on 25 April 2014, the mandate limit is refreshed so that taking into account the overriding limit of the CITIC Telecom Share Option Plan, the total number of shares of CITIC Telecom (“CITIC Telecom Shares”) which may be issued upon the exercise of all options to be granted under the CITIC Telecom Share Option Plan, together with all outstanding options granted and yet to be exercised as at 25 April 2014, shall not exceed 333,505,276 CITIC Telecom Shares, being 10% of the number of CITIC Telecom Shares in issue as at the date of approval of the refreshment of the mandate limit.

Since the adoption of the CITIC Telecom Share Option Plan, CITIC Telecom has granted the following share options:

Date of grant	Number of share options	Exercise price per share HK\$	Exercise period
23.05.2007	18,720,000	3.26	23.05.2007 – 22.05.2012
17.09.2009	17,912,500	2.10	17.09.2010 – 16.09.2015
17.09.2009	17,912,500	2.10	17.09.2011 – 16.09.2016
19.08.2011	24,227,500	1.54	19.08.2012 – 18.08.2017
19.08.2011	24,227,500	1.54	19.08.2013 – 18.08.2018
26.06.2013	81,347,000	2.25	26.06.2013 – 25.06.2018
24.03.2015	43,756,250	2.612	24.03.2016 – 23.03.2021
24.03.2015	43,756,250	2.612	24.03.2017 – 23.03.2022

Upon completion of the rights issue of CITIC Telecom on 7 June 2013, the exercise price and the number of CITIC Telecom Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding share options of CITIC Telecom as at 6 June 2013 have been adjusted (the “Adjustments”) in the following manner:

Date of grant	Before Adjustments		After Adjustments	
	Number of outstanding share options	Exercise price per share HK\$	Number of outstanding share options	Exercise price per share HK\$
17.09.2009	19,451,000	2.10	21,438,072	1.91
19.08.2011	32,332,500	1.54	35,635,462	1.40

The grantees were directors, officers or employees of CITIC Telecom. None of these options were granted to the directors, chief executives or substantial shareholders of the Company.

The share options granted on 23 May 2007 have expired at the close of business on 22 May 2012 and the first 50% of the share options granted on 17 September 2009 have expired at the close of business on 16 September 2015. The remaining options granted and accepted under the CITIC Telecom Share Option Plan can be exercised in whole or in part within 5 years from the date of commencement of the exercise period.

## Statutory Disclosure

As at 1 January 2016, options for 153,118,257 CITIC Telecom Shares were outstanding under the CITIC Telecom Share Option Plan. During the six months ended 30 June 2016, options for 6,374,398 CITIC Telecom Shares were exercised, options for 1,076,968 CITIC Telecom Shares have lapsed but no option has been cancelled. As at 30 June 2016, options for 103,549,641 CITIC Telecom Shares under the CITIC Telecom Share Option Plan were exercisable.

A summary of the movements of the share options during the six months ended 30 June 2016 is as follows:

### A. Employees of the Company/CITIC Telecom under continuous contracts (as defined in the Employment Ordinance)

Date of grant	Number of share options				
	Balance as at 01.01.2016	Exercised during the six months ended 30.06.2016 <sup>(Note 1)</sup>	Cancelled during the six months ended 30.06.2016	Lapsed during the six months ended 30.06.2016 <sup>(Note 2)</sup>	Balance as at 30.06.2016
17.09.2009	5,372,073	2,512,883	–	266	2,858,924
19.08.2011	16,673,867	962,832	–	1,702	15,709,333
26.06.2013	44,942,817	1,162,000	–	15,000	43,765,817
24.03.2015	84,529,500	1,336,683	–	1,060,000	82,132,817

### B. Others <sup>(Note 3)</sup>

Date of grant	Number of share options		
	Balance as at 01.01.2016	Exercised during the six months ended 30.06.2016 <sup>(Note 4)</sup>	Balance as at 30.06.2016
26.06.2013	400,000	–	400,000
24.03.2015	1,200,000	400,000	800,000

#### Notes:

1. The weighted average closing price of CITIC Telecom Shares immediately before the dates on which the options were exercised was HK\$3.16.
2. These are in respect of options granted to some employees under continuous contracts who have subsequently resigned. Such options have lapsed during the six months ended 30 June 2016.
3. These are in respect of options granted to independent non-executive directors of CITIC Telecom who are not employees under continuous contracts. None of these options were cancelled or lapsed during the six months ended 30 June 2016.
4. The weighted average closing price of CITIC Telecom Shares immediately before the dates on which the options were exercised was HK\$3.16.

## Statutory Disclosure

### Dah Chong Hong Holdings Limited (“DCH Holdings”)

DCH Holdings adopted the Share Option Scheme (the “Scheme”) on 28 September 2007. Since the adoption of the Scheme, DCH Holdings has granted the following share options:

Date of grant	Number of share options	Exercise price per share HK\$	Exercise period
07.07.2010	23,400,000	4.766	07.07.2010 – 06.07.2015
08.06.2012	24,450,000	7.400	08.06.2013 – 07.06.2017*
30.04.2014	28,200,000	4.930	30.04.2015 – 29.04.2019*

\* Subject to a vesting scale

The share options granted on 7 July 2010 has expired by the close of business on 6 July 2015.

Of the share options granted on 8 June 2012, 24,250,000 were accepted and 200,000 were not as at the latest date of acceptance pursuant to the scheme rules (i.e. 5 July 2012). The share options granted are subject to a vesting scale. 25% of the share options granted will vest on the first anniversary of the date of grant. Further 25% will vest on the second anniversary of the date of grant and the remaining 50% of the share options granted will vest on the third anniversary of the date of grant. The vested options are exercisable in whole or in part within 5 years from the date of grant. The closing price of DCH Holdings’ shares immediately before the grant on 8 June 2012 was HK\$7.49 per share.

Of the share options granted on 30 April 2014, 27,850,000 were accepted and 350,000 were not as at the latest date of acceptance pursuant to the scheme rules (i.e. 28 May 2014). The share options granted are subject to a vesting scale. 25% of the options granted will vest on the first anniversary of the date of grant. Further 25% will vest on the second anniversary of the date of grant and the remaining 50% of the share options granted will vest on the third anniversary of the date of grant. The vested options are exercisable in whole or in part within five years from the date of grant. The closing price of DCH Holdings’ shares immediately before the grant on 30 April 2014 was HK\$4.91 per share.

The grantees were certain directors or employees of DCH Holdings group working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of the Company. As at 1 January 2016, options for 48,100,000 DCH Holdings’ shares were outstanding under the Scheme. During the six months ended 30 June 2016, 900,000 share options were lapsed and none of the share options under the Scheme were exercised and cancelled. As at 30 June 2016, options for 36,400,000 DCH Holdings’ shares under the Scheme were exercisable.

## Statutory Disclosure

### A. Employees of the DCH Holdings Group working under continuous contracts (as defined in the Employment Ordinance)

Date of Grant	Number of share options					Balance as at 30.06.2016
	Balance as at 01.01.2016	Granted during the six months ended 30.06.2016	Cancelled during the six months ended 30.06.2016	Lapsed during the six months ended 30.06.2016	Exercised during the six months ended 30.06.2016	
08.06.2012	18,250,000	–	–	400,000	–	16,650,000 <sup>(Note 2)</sup>
30.04.2014	23,300,000	–	–	500,000	–	21,600,000 <sup>(Note 3)</sup>

### B. Others <sup>(Note 1)</sup>

Date of Grant	Number of share options					Balance as at 30.06.2016
	Balance as at 01.01.2016	Granted during the six months ended 30.06.2016	Cancelled during the six months ended 30.06.2016	Lapsed during the six months ended 30.06.2016	Exercised during the six months ended 30.06.2016	
08.06.2012	3,950,000	–	–	–	–	5,150,000 <sup>(Note 2)</sup>
30.04.2014	2,600,000	–	–	–	–	3,800,000 <sup>(Note 3)</sup>

Notes:

1. These are in respect of share options granted to former employees whose employment was terminated other than for cause or misconduct.
2. 1,200,000 share options (granted on 8 June 2012) were reclassified and added to the balance as at 30 June 2016 in "Others" subsequent to certain employees retire during the six months ended 30 June 2016.
3. 1,200,000 share options (granted on 30 April 2014) were reclassified and added to the balance as at 30 June 2016 in "Others" subsequent to certain employees retire during the six months ended 30 June 2016.

## Statutory Disclosure

### CITIC Resources Holdings Limited (“CITIC Resources”)

CITIC Resources adopted a share option scheme on 30 June 2004 (the “Old Scheme”) for a term of ten years, which expired on 29 June 2014. The share options that have been granted under the Old Scheme and remained outstanding as at the date of expiry of the Old Scheme remain valid and exercisable subject to and in accordance with the terms of the Old Scheme.

To enable CITIC Resources to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by CITIC Resources on 27 June 2014 (the “New Scheme”).

The following share options, which were granted under the Old Scheme, remained outstanding as at 30 June 2016:

Date of grant	Number of share options	Exercise price per share HK\$	Exercise period
06.11.2013	200,000,000 <sup>(Note)</sup>	1.770	06.11.2014 – 05.11.2018
06.11.2013	200,000,000 <sup>(Note)</sup>	1.770	06.11.2015 – 05.11.2018

Note:

The share options are subject to the following vesting conditions:

- (i) 50% of the share options vest and are exercisable with effect from the first anniversary of the date of grant; and
- (ii) the remaining 50% of the share options vest and are exercisable with effect from the second anniversary of the date of grant.

The grantee was a director of CITIC Resources. No share option was granted, exercised, lapsed or cancelled during the period. As at 30 June 2016, CITIC Resources had 400,000,000 share options outstanding under the Old Scheme.

No share options were granted under the New Scheme during the six months ended 30 June 2016.

## Statutory Disclosure

### CITIC Envirotech Ltd. (“CITIC Envirotech”)

CITIC Envirotech is a company incorporated in Singapore and whose shares are listed on the main board of the Singapore Exchange. It adopted the Employee Share Option Scheme (the “Scheme”) on 2 February 2010.

Since the adoption of the Scheme, CITIC Envirotech has granted the following share options:

Date of grant	Number of share options	Exercise price per share S\$	Exercise period
01.03.2010	4,375,000	0.2780	01.03.2011 – 01.03.2020
01.03.2010	4,375,000	0.2224	01.03.2012 – 01.03.2020
20.07.2010	1,500,000	0.3830	20.07.2011 – 20.07.2020
20.07.2010	1,500,000	0.3064	20.07.2012 – 20.07.2020
15.02.2013	49,950,000	0.552	15.02.2015 – 15.02.2023
15.02.2013	49,950,000	0.552	15.02.2015 – 15.02.2023
28.03.2013	12,000,000	0.584	28.03.2015 – 28.03.2023
25.07.2014	6,000,000	1.135	25.07.2016 – 25.07.2024

Under the Scheme, the ordinary shares of CITIC Envirotech under option may be exercised in full or a multiple thereof, on the payment of the exercise price.

The grantees were certain directors and employees of CITIC Envirotech. None were granted to the directors, chief executives or substantial shareholders of the Company. As at 1 January 2016, 53,875,500 ordinary shares of CITIC Envirotech under option were outstanding. None of the ordinary shares of CITIC Envirotech under option were exercised, lapsed or cancelled during the six months ended 30 June 2016.

No options were granted during the period. As at 30 June 2016, 53,875,500 ordinary shares of CITIC Envirotech under option were exercisable.

A summary of the share options under the Scheme during the six months ended 30 June 2016 is as follows:

#### A. Directors of CITIC Envirotech

Date of grant	Number of share options					Balance as at 30.06.2016
	Balance as at 01.01.2016	Granted during the six months ended 30.06.2016	Cancelled during the six months ended 30.06.2016	Lapsed during the six months ended 30.06.2016	Exercised during the six months ended 30.06.2016	
01.03.2010	1,500,000	–	–	–	–	1,500,000
01.03.2010	1,500,000	–	–	–	–	1,500,000
28.03.2013	12,000,000	–	–	–	–	12,000,000

## Statutory Disclosure

### B. Employees of CITIC Envirotech

Date of grant	Balance as at 01.01.2016	Number of share options				Balance as at 30.06.2016
		Granted during the six months ended 30.06.2016	Cancelled during the six months ended 30.06.2016	Lapsed during the six months ended 30.06.2016	Exercised during the six months ended 30.06.2016	
15.02.2013	33,775,500	-	-	-	-	33,775,500
25.07.2014	5,100,000	-	-	-	-	5,100,000

### Directors' Interests in Securities

As at 30 June 2016, the interests or short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 352 of the SFO were as follows:

#### Shares in the Company

Name of director	Nature of interest	Number of ordinary shares held	Approximate percentage to the total number of issued shares
Li Rucheng	Corporate interest	1,454,513,000 (Long position)	4.99%

Save as disclosed above, as at 30 June 2016, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.



## Statutory Disclosure

### Interests of Substantial Shareholders

As at 30 June 2016, substantial shareholders of the Company (other than directors of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which were notified to the Company, were as follows:

Name	Nature of interest/capacity	Number of ordinary shares held	Approximate percentage to the total number of issued shares
CITIC Group Corporation ("CITIC Group") (Note 1)	Interests in a controlled corporation and interests in a section 317 concert party agreement	26,055,943,755 (Long position)	89.57% (Long position)
CITIC Glory Limited ("CITIC Glory") (Note 2)	Beneficial owner	7,446,906,755 (Long position)	25.60% (Long position)
CITIC Polaris Limited ("CITIC Polaris") (Note 3)	Beneficial owner and interests in a section 317 concert party agreement	18,609,037,000 (Long position)	63.97% (Long position)
Chia Tai Bright Investment Company Limited ("CT Bright") (Note 4)	Beneficial owner and interests in a section 317 concert party agreement	22,728,222,755 (Long position) 5,818,053,363 (Short position)	78.13% (Long position) 20.00% (Short position)
CT Brilliant Investment Holdings Limited ("CT Brilliant") (Note 5)	Interests in a controlled corporation and interests in a section 317 concert party agreement	22,728,222,755 (Long position) 5,818,053,363 (Short position)	78.13% (Long position) 20.00% (Short position)
Charoen Pokphand Group Company Limited ("CPG") (Note 6)	Interests in a controlled corporation and interests in a section 317 concert party agreement	22,728,222,755 (Long position) 5,818,053,363 (Short position)	78.13% (Long position) 20.00% (Short position)
ITOCHU Corporation ("ITOCHU") (Note 7)	Interests in a controlled corporation and interests in a section 317 concert party agreement	22,728,222,755 (Long position) 5,818,053,363 (Short position)	78.13% (Long position) 20.00% (Short position)

## Statutory Disclosure

### Notes:

1. CITIC Group is deemed to be interested in 26,055,943,755 shares: (i) by attribution of the interests of its two wholly-owned subsidiaries, CITIC Polaris (9,463,262,637 shares) and CITIC Glory (7,446,906,755 shares); and (ii) because CITIC Group is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Group has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.
2. CITIC Glory is beneficially interested in 7,446,906,755 shares of the Company.
3. CITIC Polaris is deemed to be interested in 18,609,037,000 shares: (i) by including 9,463,262,637 shares it holds as beneficial owner; and (ii) because CITIC Polaris is a party to the Share Purchase Agreement which, reading together with the Preferred Shares Subscription Agreement, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CITIC Polaris has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement.
4. CT Bright is deemed to be interested in 22,728,222,755 shares: (i) by including 5,818,053,363 shares it holds as beneficial owner; and (ii) because CT Bright is a party to the Share Purchase Agreement and the Preferred Shares Subscription Agreement which, reading together, constitute an agreement to which section 317(1) of the SFO applies, and accordingly CT Bright has aggregated its interests in the shares with the interests of the other parties to the Share Purchase Agreement and the Preferred Shares Subscription Agreement. CT Bright has a short position of 5,818,053,363 shares because it is under an obligation to deliver a maximum of 5,818,053,363 shares to CITIC Polaris if CITIC Polaris' right of first refusal under the Share Purchase Agreement is exercised in full.
5. CT Brilliant is deemed to be interested in 22,728,222,755 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.
6. CPG is deemed to be interested in 22,728,222,755 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright indirectly holding 50% equity interest in CT Bright through CT Brilliant, its wholly-owned subsidiary.
7. ITOCHU is deemed to be interested in 22,728,222,755 shares and to have a short position of 5,818,053,363 shares as a shareholder of CT Bright directly holding 50% equity interest in CT Bright.

## Purchase, Sale or Redemption of Listed Securities

On 15 April 2016, the Company redeemed all the U.S.\$750,000,000 7.875% perpetual subordinated capital securities issued on 15 April 2011. The Securities were delisted from the Hong Kong Stock Exchange effective on 27 April 2016. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

## Corporate Governance

The Company is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. Details of our corporate governance practices can be found in the Company's Annual Report 2015 and on the Company's website at [www.citic.com](http://www.citic.com).

## Board Changes

On 18 March 2016, Ms Cao Pu retired from the board as a non-executive director and a member of the audit and risk management committee of the Company. On the same date, Mr Song Kangle and Mr Li Rucheng were appointed as non-executive directors of the Company and Mr Paul Chow Man Yiu was appointed as an independent non-executive director of the Company.

On 12 April 2016, Mr Yu Zhensheng retired from the board as a non-executive director of the Company and Ms Yan Shuqin was appointed as a non-executive director of the Company.

## Statutory Disclosure

### Board Committees

Currently the board has the following committees to discharge its functions:

- An executive committee to assist the board in the business operations and management of the Company. Its principal role is to select suitable candidates for senior management; to review/provide advice to the board on material investment plans and feasibility studies and proposed disposals/divestments, mergers, acquisitions and other significant transactions of the Company, strategy and planning of the Group. The committee is chaired by Mr Chang Zhenming, the chairman of the board, and other members are Mr Wang Jiong (being executive director, vice chairman and president of the Company and also serves as vice chairman of the committee), Mr Zhu Xiaohuang (who serves as vice chairman of the committee), Mr Feng Guang, Ms Li Qingping (being executive director and vice president of the Company), Mr Pu Jian (being executive director and vice president of the Company), Mr Zhu Gaoming (being vice president of the Company) and Mr Cai Xiliang (appointed as executive committee member and vice president of the Company with effect from 12 August 2016).
- An audit and risk management committee to oversee the relationship with the external auditor; and to review the Company's financial reporting, annual audit and interim report. The committee acts on behalf of the board in providing oversight of the Company's financial reporting system, risk management and internal control systems, reviews and monitors the effectiveness of the internal audit function, and reviews the Company's policies and practices on corporate governance. The committee comprises three independent non-executive directors, Mr Francis Siu Wai Keung (who serves as the chairman of the committee), Dr Xu Jinwu and Mr Anthony Francis Neoh.
- A nomination committee to determine the policy for the nomination of directors and set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship, which shall take into consideration the principle of diversity. It also reviews the structure, size, composition and diversity of the board. The committee is chaired by Mr Chang Zhenming, the chairman of the board, and other members include an executive director, Mr Wang Jiong (being vice chairman and president of the Company) and three independent non-executive directors, Mr Francis Siu Wai Keung, Dr Xu Jinwu and Mr Anthony Francis Neoh.
- A remuneration committee to determine and review the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, share options and other plans. The committee comprises two independent non-executive directors, Mr Francis Siu Wai Keung (who serves as the chairman of the committee) and Dr Xu Jinwu, and a non-executive director, Mr Yang Jinming.
- A special committee to deal with all matters relating to all investigations (including enquiries) of, and proceedings involving, the Company and its directors, arising from the 2008 forex incident, including but not limited to by the Market Misconduct Tribunal, the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force. The committee comprises two members, Mr Zhang Jijing and Mr Francis Siu Wai Keung.

## Statutory Disclosure

### Other Management Committee

The Company has established the asset and liability management committee (the “ALCO”) as a sub-committee under the executive committee to be in charge of monitoring and controlling the financial risks of the Company. The principal responsibilities of the ALCO are to:

- monitor and control the asset and liability financial position of the Company on a regular basis
- monitor and control the following issues of the Company:
  - asset and liability structure
  - counterparties
  - currencies
  - interest rates
  - commodities
  - commitments and contingent liabilities
- review financing plans of the Company and manage the cash flow of the Company on the basis of the annual budget
- establish hedging policies and approve the use of new financial instruments for hedging

The committee is chaired by Mr Zhu Gaoming (being vice president of the Company and a member of the executive committee), and other members include responsible persons of the Financial Control Department, Treasury Department, Strategic Development Department and the Office of the Board of Directors.

### Compliance with Corporate Governance Code

Save as disclosed below, the Company has applied the principles and complied with all the code provisions of the corporate governance code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) during the six months ended 30 June 2016. In respect of code provision A.6.7 of the CG Code, Mr Liu Yeqiao (non-executive director) was not able to attend the annual general meeting of the Company held on 8 June 2016 due to other engagements.

### Review of Half-Year Report

The audit and risk management committee of the board reviewed the Half-Year Report in conjunction with the management and the Company’s external auditor and recommended its adoption by the board.

The interim financial information is prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. It has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in Appendix 10 to the Listing Rules. All directors complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

## Statutory Disclosure

### Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

#### Change in other directorships

##### Executive Directors

Mr Chang Zhenming resigned from the position as the chairman of the board of China CITIC Bank Corporation Limited ("China CITIC Bank", a subsidiary of the Company listed on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange) with effect from 20 July 2016.

Ms Li Qingping has been appointed as the executive chairperson of the board and no longer serves as the president of China CITIC Bank with effect from 20 July 2016.

##### Non-executive Director

Mr Liu Zhongyuan has been appointed as director-general of Equity & Fixed-Income Investment Department of the National Council for Social Security Fund in April 2016.

##### Independent Non-executive Directors

Ms Lee Boo Jin was formerly the president of corporate strategy for Cheil Industries and an advisor to Samsung C&T Corporation from December 2010 to December 2015, with the two companies merging to become Samsung C&T Corporation (listed on the Korea Exchange) in September 2015.

Mr Noriharu Fujita was appointed as an independent director of Sanken Electric Co., Ltd. (listed on the Tokyo Stock Exchange) on 24 June 2016.

Mr Paul Chow Man Yiu assumed the membership of both the remuneration committee and the chairman of the nomination committee of China Mobile Limited (listed on the Main Board of the Hong Kong Stock Exchange) in May 2016. He retired as the chairman of Hong Kong Cyberport Management Company Limited after completing 6 years of services on 4 June 2016. He also retired from the office as independent non-executive director, chairman of the personnel and remuneration committee, member of the audit committee, member of the risk policy committee and member of the connected transactions control committee of Bank of China Limited (the "Bank") (listed on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange) with effect from 18 August 2016 after serving the Bank for 6 years.

#### Change in directors' emoluments

As approved by the remuneration committee of CITIC Limited on 5 September 2016, the monthly total salary of each of Mr Chang Zhenming and Mr Wang Jiong is increased to HK\$48,000 and the monthly total salary of each of Ms Li Qingping and Mr Pu Jian is increased to HK\$43,200, all of which take effect from January 2016.

## Corporate Information

### Registered Office

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### Beijing Office

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Chaoyang District  
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### Website

www.citic.com contains a description of the Company's business, a copy of the full report to shareholders, announcements, press releases and other information.

### Stock Codes

The Stock Exchange of Hong Kong:	00267
Bloomberg:	267 HK
Reuters:	0267.HK
American Depositary Receipts:	CTPCY
CUSIP Reference No:	17304K102

### Share Registrar

Shareholders should contact our Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at +852 2980 1333, or by fax at +852 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

### Investor Relations

Investors, shareholders and research analysts may contact our Investor Relations Department by telephone at +852 2820 2205, or by fax at +852 2522 5259 or by email at [ir@citic.com](mailto:ir@citic.com).

### Financial Calendar

Closure of Register:	19 September 2016 to 22 September 2016 (both days inclusive)
Interim dividend payment:	30 September 2016

The Half-Year Report is printed in English and Chinese and is available on our website at [www.citic.com](http://www.citic.com) under the 'Investor Relations' section.

Shareholders may choose to receive the Half-Year Report in printed form in either English or Chinese or both or by electronic means. Shareholders may at any time change their choice on these matters by writing to the Company's Share Registrar.

Shareholders having difficulty in gaining access to the Half-Year Report will promptly be sent printed copies free of charge upon request to the Company's Share Registrar.

Non-shareholders are requested to write to the Joint Company Secretaries, CITIC Limited, 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, or by fax at +852 2877 2771 or by email at [contact@citic.com](mailto:contact@citic.com).



## **CITIC Limited**

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