HALF-YEAR REPORT

2014

From CITIC Pacific to CITIC Limited
A new era begins

CITIC Limited is our new name, but we are still the same Hong Kong listed company (stock code 00267) with a reputation for sound corporate governance and international standards. What has changed, however, is the size of our company and scope of activities since we completed the acquisition of almost all of the businesses of the CITIC Group Corporation on 25 August 2014.

This interim report covers the period to 30 June 2014, at which time our shareholders' equity amounted to HK$102 billion. We are now a company that is four times the size. Today, we have a substantial financial services business, a much enlarged property and infrastructure business, as well as businesses in resources and energy, engineering contracting, and manufacturing, among others. Together, all of these businesses are an excellent reflection of China's diverse economy.

We have now entered a new chapter in our company's history. We will continue to capitalise on the expertise of our skilled management team and diverse businesses, which enjoy leading positions in their respective fields. They will be managed with high standards of corporate governance and international best practices. At CITIC Limited, we will continue to strive for long-term success and growth in shareholder value.

中國中信股份有限公司
CITIC LIMITED

Content

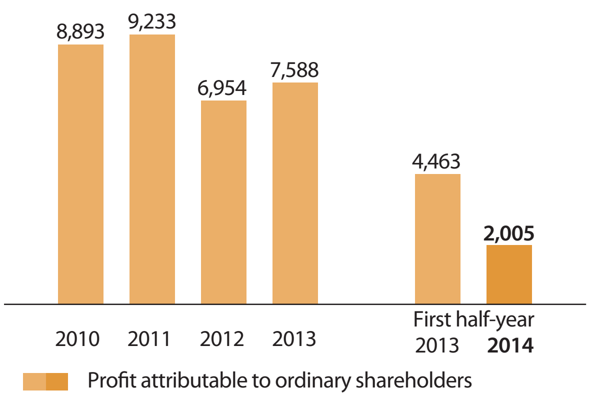
Highlights

Our Group *In HK$ million*	Half-year ended 30 June **2014**	 2013	Increase/ (Decrease)
Revenue[1]	**55,026**	48,977	6,049
EBITDA	**7,798**	8,892	(1,094)
EBIT before sale of assets	**5,669**	4,653	1,016
Sale of assets	**–**	2,417	(2,417)
EBIT	**5,669**	7,070	(1,401)
Profit attributable to ordinary shareholders	**2,005**	4,463	(2,458)
Earnings per share (HK$)	**0.55**	1.22	(0.67)
Dividend per share[2] (HK cents)	**1.5**	10	(8.5)
Cash inflows from business operations	**5,988**	3,729	2,259
Other cash inflows	**1,462**	1,255	207
Capital expenditure	**7,160**	10,254	(3,094)

In HK$ million	**As at 30 June 2014**	As at 31 December 2013	Increase/ (Decrease)
Total ordinary shareholders' funds and perpetual capital securities	**102,113**	101,763	350
Net debt	**90,406**	85,660	4,746
Cash and bank deposits	**31,331**	35,070	(3,739)
Available committed banking facilities	**15,391**	13,032	2,359
Net debt to total capital (%)	**47**	46	1
Staff employed (headcount)	**36,235**	36,512	(277)

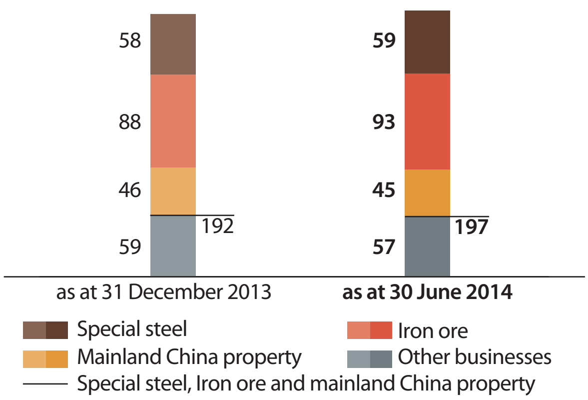
Profit attributable to ordinary shareholders

HK$ million



Assets by business

HK$ billion



Our Businesses *In HK$ million*	Business assets **As at 30 June 2014**	 Increase/ (Decrease)[3]	Revenue[1] **Half-year ended 30 June 2014**	 Increase/ (Decrease)	Attributable profit/(loss) **Half-year ended 30 June 2014**	 Increase/ (Decrease)[4]
Special steel	**58,976**	547	**21,848**	1,377	**773**	168
Iron ore	**93,276**	5,142	**475**	345	**(1,067)**	(13)
Mainland China property	**45,326**	(800)	**1,910**	761	**345**	127
Hong Kong property	**14,504**	(2,614)	**1,052**	562	**812**	613
Energy	**10,535**	751	**5,281**	(739)	**874**	2
Tunnels	**2,102**	(81)	**659**	22	**309**	12
Dah Chong Hong	**21,696**	69	**22,094**	3,158	**236**	19
CITIC Telecom	**3,945**	52	**1,707**	620	**160**	(180)

1 Revenue includes both consolidated and CITIC Limited's share of significant equity accounted entities as well as the Western Harbour Tunnel
2 The number of outstanding shares increased from 3.65 billion to 24.9 billion after completion of the purchase of CITIC Corporation Limited on 25 August 2014
3 As compared with balances as at 31 December 2013
4 Excluding gain on sale of assets

Chairman's Letter to Shareholders

Dear Shareholders,

It's been an eventful few months. When I wrote to you in February, we were CITIC Pacific. Now we are CITIC Limited, the biggest conglomerate in China after acquiring the businesses of the CITIC Group.

This complex transaction could not have been completed without your support. I thank our CITIC Pacific shareholders for their overwhelming approval of the acquisition, and I extend a warm welcome to our new shareholders. Together, we are in for an exciting ride.

In this letter, I want to tell you briefly about how we got to this point, before outlining the important tasks ahead. Then, I will explain how the extraordinary events of the last few months are in fact a continuation of the themes I wrote about in my last letter. The name of our company has changed, but our corporate values and mandate to generate returns for you are stronger than ever.

I will begin with a summary of CITIC Pacific's financial and business performance for the first six months of 2014, prior to the completion of the transaction with CITIC Group. In this report, we have also provided brief consolidated financials of the assets we acquired. When we report our full year 2014 results, you will see detailed financial reporting for the new CITIC Limited.

Financial Results of First Six Months of 2014

CITIC Pacific, in the first six months of the year, recorded HK$2,005 million of profit attributable to ordinary shareholders. This compares with HK$2,046 million in the same period last year if HK$2,417 million one-time gains in 2013 are excluded. Our operating businesses achieved a substantial increase in profitability in comparison with the first six months of last year, underpinned by their solid performance, in particular special steel and property.

Our iron ore businesses incurred a loss at about the same level as the first six months of last year. Operationally, production line one has been producing quality iron ore concentrate, however, it has yet to reach the desired capacity. So far, we have sold and shipped 1.4 million tonnes of iron ore concentrate to our own steel plants as well as other steel manufacturers in China. After a component of the grinding mill was replaced, the second line is now in trial production. For an industrial activity of this scale and complexity, work on improving the lines' reliability and efficiency will continue to be a focus for our operations team. Work on the remaining four production lines is also proceeding satisfactorily.

Our financial situation is also healthy. Since the announcement of our company's purchase of CITIC Group's businesses, the markets have recognised the enhanced credit worthiness and inherent strength of the enlarged company. Over HK$6 billion has been arranged through our medium-term note programme.

You will remember that I said to you before that so long as CITIC Pacific is making a profit we will pay you a dividend. This will not change under CITIC Limited.

As a result of us being bigger, we now have a much enlarged shareholding base. However, the dividend for the first half of this year will be paid from CITIC Pacific's profit only, not from the enlarged CITIC Limited. We know a dividend is important to shareholders, so the board has decided to pay HK1.5 cents per share as an interim dividend. Our full year results for 2014 will include profit from the acquired businesses. The board will then review the dividend payment when it meets early next year.

The Right Time for a Big Move

Perhaps you were surprised by our decision to acquire the businesses of CITIC Group, which transformed us from a company mainly focused on special steel, iron ore and property into one with over four times the equity and with a substantial financial services arm, a resources and energy business, manufacturing, engineering contracting, and a much bigger and broader property portfolio. Today, CITIC Limited is the ideal vehicle through which to invest in China. Our listed and unlisted businesses not only mirror the Chinese economy but are run by a team with the acumen, experience and insight to choose and capitalise on the right opportunities.

How did this come about?

It's no secret that CITIC Group had been contemplating a public debut as a way of reforming the group and taking it to the next level of global professional standards. The first step we took was to form a joint stock limited company in late 2011. We then transferred substantially all of the assets of the CITIC Group to this company.

We thought about possible next steps and strategies. The team began to converge on a big and bold idea – why do an initial public offering when we could leverage the international experience and particularly the proven established governance framework of CITIC Pacific and bring the two companies together? Why create more complexity if a simple, elegant solution is right in front of us?

And so we reflected, stepped back and thought – WHY NOT? After the shock faded at the audacity of such a plan, it seemed completely logical.

We realised this was the right time for a big move

- *The right time in China's development.* Chinese companies have matured and become more global – CITIC being one of the prime examples – and the Chinese leadership by encouraging state owned companies to be bolder under a programme of reform and internationalisation, makes this move possible.

- *The right time in CITIC Group's development.* As Lou Gerstner showed in his book about IBM, *Who Says Elephants Can't Dance?*, huge companies that wish to manage complexity and guard against bureaucratic stagnation need to change with the times and embrace modern models, and that is what we are ready to do.

- *The right time for CITIC Pacific.* With over 25 years of hard-won experience operating in Hong Kong and abroad, CITIC Pacific has built a strong governance framework that can be extended to benefit the enlarged group. CITIC Pacific shareholders can enjoy a stronger capital base and enhanced earnings as well as diversity and greater synergy with other group businesses.

The simple truth is this – *it was the right time for a big move.* We decided that we would be better off having almost all of CITIC's businesses under a unified umbrella.

The pieces were in place, and so the plan was launched. We sent you a weighty tome – a circular of over 700 pages – to ensure you were fully informed and comfortable with what we were proposing.

People were sceptical that we could execute such a bold plan within such an ambitious time frame. But here we are, less than five months after we first announced our intentions, with the deal complete.

We're grateful that you showed such support and trust in our judgement and voted in favour. Thank you again.

Why this Conglomerate is Poised to Create Value

We are proud to be a substantial conglomerate alongside others in the world, but what makes us strong and unique is that we are China-focused. There is no company quite like ours. You might ask whether conglomerates are out of fashion. Our answer is that this structure makes sense for CITIC. From access to opportunities, relationships and funding to efficient internal capital and resource allocation, these are all advantages of investing in this conglomerate. We will strive to prove this to you over time, in qualitative and quantitative ways, and expect to be measured and valued by the profits and returns we generate.

In particular, we foresee that we can offer you access to growth opportunities and unlisted assets in China that you would not otherwise have. In addition to the fundamental management task of making existing businesses even better and more profitable, we believe we can create value through acquisitions and disposals. We will take a prudent but strategic approach to capital allocation, capital efficiency and cash flow management, while at the same time focusing on areas that align with China's growth. Being a large diversified conglomerate offers us all these opportunities.

While each of our group companies will remain focused on what it does best, overall diversification will help us reduce investment risk. A downturn suffered by one subsidiary, for instance, can be counterbalanced by stability, or even expansion, in another division. Through this structure, we aim to preserve and increase shareholder value.

How You Will Benefit from the New CITIC

We believe that the benefits you are gaining from our transformation are significant.

Some of these are immediately clear:

- Financially, our equity has grown over four times and our range of businesses greatly expanded. Our profitability will be greater, return on equity will be enhanced, our credit rating should improve, and we will have more access to funding. All of this will give us the confidence and resources to invest and develop.

- You are holding a well-crafted, actively managed, unique proxy for China. China is experiencing a dramatic transformation. By owning our shares, you own a piece of China's future in sectors well matched to China's strategic growth and development.

Some benefits of the deal might not be so readily obvious:

- We acknowledge that we diluted your shareholding when we consummated this deal. This dilution was inevitable to get the transaction done. Your piece of the pie might be smaller, but it is arguably more valuable. You now own shares in a much bigger company with an exciting outlook for growth.

- Our diligent efforts to bring in the right kind of new investors, who share our long-term view, were successful. Our position in the Hang Seng Index has been elevated and share liquidity improved. Over time, we expect the number of investors and the size of our public float to increase even further, but in the meantime we are taking more care than ever to ensure we have the right systems and checks in place to guard your rights and listen to your views.

- We have the chance to renovate and do some housekeeping. As you know, combining two houses together offers a chance to upgrade, modernise, even knock walls down and change the footprint of a place. We are glad to have this catalyst to renovate and we are geared up for the challenge, determined that it will make us more valuable.

The Tasks Ahead

With the deal now complete, our attention is on the much bigger task of integrating the two companies. We are all CITIC companies, but I promise you we do not underestimate the integration challenge, nor can we downplay the differences between the culture and management styles of mainland China and Hong Kong.

We are approaching this as if it were a global post-merger integration, and we want to exemplify best practices. We are also open to learning from our other subsidiaries. CITIC Securities, for example, has successfully integrated CLSA, an international broker of fine reputation, and worked to bridge cultural differences.

We know it will take time, and we hope you will be patient.

Some of the key tasks ahead are:

Governance and risk management. We are fully aware that not all of our businesses and subsidiaries are at the same stage in their governance and risk management practices. This is why it is important that we extend CITIC Pacific's governance framework to the rest of the group companies and align management practices among them all, while recognising compliance differences in different listing locations. We want to raise our game even higher. I will urge our board to be open to market influence and investor voices, to act swiftly and emulate the best global standards.

Organisation and business integration. We now have some complementary businesses, and we need to look closely at the best way of organising them. But we won't rush, and even the more predictable combinations will receive thoughtful consideration before decisions are made. We believe that integrating businesses is not just about streamlining the number of entities under our umbrella, but also about maximising efficiencies and spelling out how different units will cooperate with one another and who is accountable to whom.

Systems and process excellence. In order to compete with our world-class peers, our operational and information systems need to be efficient and timely. CITIC Pacific has become one of the earliest among large companies in Hong Kong to release its financial results. But, just because we are bigger now certainly doesn't mean we have an excuse to be slower. We are resolved to continually modernise without compromising speed or precision, including streamlining and speeding up financial reporting. Let me share my personal goal with you: CITIC Limited should be at the forefront of disseminating timely financial results to our investors.

Talent management. In the new CITIC Limited, I can see more and more opportunities for employees' career development, with cross-over to other subsidiaries and geographical locations made easier than ever before. We are committed to organising our management and talent into a clear structure. Aside from providing our employees with opportunities to grow, we also need mechanisms that incentivise them. In fact, I am exploring ways for our employees to own our stock so that everyone's interests and incentives are aligned to create value.

Brand management. CITIC is already a household name in China. We want it to become a well-recognised brand internationally as well. We want to be seen as the bold vanguard of internationally progressive Chinese companies, but people need to know what we stand for, and we must guard our brand and reputation carefully. There is work still to be done.

Clearly, the above tasks cannot be done by me alone and I certainly don't have all the answers. Moreover, my style is not to be an autocrat. Of course, I will need to depend on all our leaders to do their part. I will delegate to them, and I will need to build trust among them. Fortunately, I have an outstanding team from CITIC Pacific and across CITIC Group, and together we will get the answers to questions and find solutions to challenging circumstances.

What We have Learned, and the CITIC Way

We have over 30 years of domestic and international experience – and this has served us well. While CITIC Pacific is not the only part of the new CITIC Limited that has international experience, it is probably the most experienced.

In my February letter, I wrote about some of the takeaways and experiences CITIC Pacific had while building our iron ore mine in Australia. These have wider implications for the entire group as well, and it is these themes that will continue to guide us now that we are CITIC Limited.

Philosophically and strategically, the key valuable lessons which we fully intend to pass on and incorporate in the new corporate culture are these:

- *Local knowledge and expertise is critical in getting to know the lay of the land.*
- *Trust bridges cultural differences, opening up a world of opportunities.*
- *It's important that all parties share a joint vision and similar expectations, act responsibly and lead by example.*
- *Engaging with the public builds understanding.*
- *Risk management is critical.*
- *Meeting global standards inspires pride.*

All of these apply to every single business we own and nearly any cross-border business activity.

We are proud to be leading the way in the broader story of the reform of Chinese state owned enterprises, and we will continue to pursue INNOVATION, position our company to benefit from China's REFORM, and embrace OPENNESS, which means competing in open markets without needing government support and to adopt international best practice in everything we do.

We always emphasise our values of integrity, creativity, cohesion, harmony, dedication, and excellence. This is the 'CITIC Way'.

Our Commitment to You

Some of you may remember that I am an avid Go player. Go, a board game with black and white pieces that originated in ancient China, is one of the most popular games in the world today. This game is a good lens through which to look at life and business.

I will challenge the team to internalise some of the strategic principles of Go to build CITIC Limited into a winning company. These principles include building strong, flexible structures, balancing expansion and growth with prudence, getting the timing right, learning from mistakes, and recognising the strengths and weaknesses of our competitors.

In our game, the pivotal move has already been made – the transaction itself. You've now got direct exposure to a range of top China businesses. At this point, the strategic and tactical possibilities for our company are endless.

You can count on me, our management team, our board, and all our employees to rise to this challenge. I look forward to reporting back to you again on our progress when we announce our first annual results for CITIC Limited.

Thank you as always for your support and long-term view.

Chang Zhenming
Chairman
29 August 2014

Subsequent Acquisition of CITIC Group Corporation Businesses

This interim report describes our company's business as it was at 30 June 2014.

On 25 August 2014 we acquired the businesses of CITIC Group Corporation described, together with financial and other information, in a circular to shareholders dated 14 May 2014 – available on www.citic.com. The total consideration was RMB226,996 million (HK$286,585 million). New shares at HK$13.48 per share were issued to the CITIC Group Corporation (17.4 billion shares) and to 27 new investors (3.9 billion shares). CITIC Pacific changed its name to CITIC Limited and now 22% of our shares are held by the public.

Your company is now China's largest conglomerate enterprise with businesses that closely mirror the Chinese economy. They are principally:

- **Financial Services:** Domestic and overseas banking services are provided through CITIC Bank, securities services through CITIC Securities, trust services through CITIC Trust, and insurance services through CITIC Prudential.

- **Real Estate and Infrastructure:** Residential and commercial properties are developed, sold, operated and managed, as well as the construction and operation of expressways, port terminals and tunnels.

- **Engineering Contracting:** Infrastructure contracting, housing and industrial construction services are offered, as well as urban planning, engineering design and consulting services.

- **Resources and Energy:** The resources business covers exploration, mining, processing, trading and electricity generation. They have been actively engaged in overseas acquisitions and exploration of mineral and oil resources, with various interests in development projects in countries and regions which have rich resource reserves, including Australia, Brazil, Gabon, Indonesia and Kazakhstan.

- **Manufacturing:** These businesses make special steel, heavy machinery, electronic power equipment, automobile aluminium wheels, automobile aluminium castings. They employ world-class technologies and have leading market positions in China.

The directors of the holding company of the assets acquired have provided unaudited financial information for the six months ended 30 June 2014. The main headings are as follows:

RMB million	**1 January to 30 June 2014**
Total revenue	118,399
Profit before net finance charges and tax	37,457
Net finance charges	(1,738)
Profit for the period	26,937
Attributable to:	
– equity shareholders of the company	19,006
– non-controlling interests	7,931

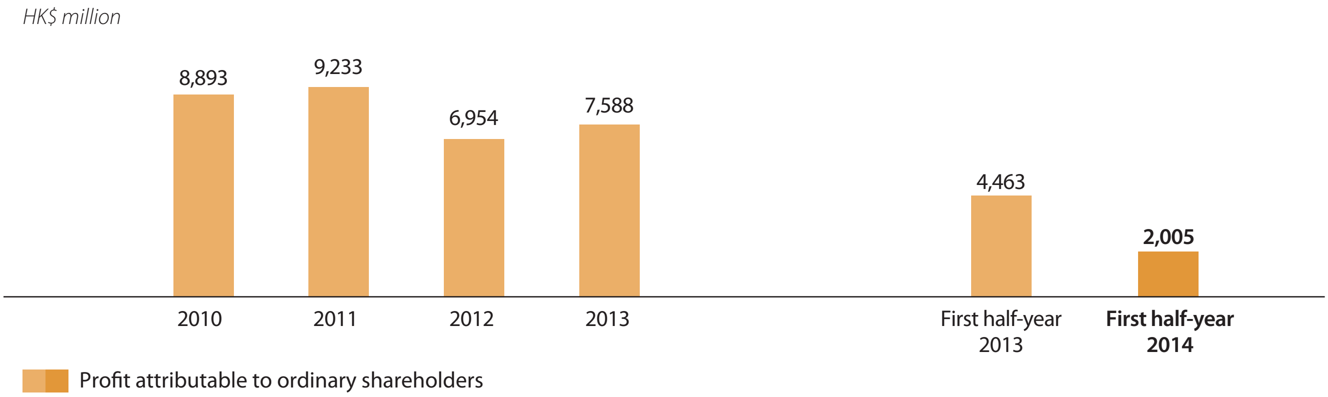
	As at 30 June 2014
Total assets	4,632,687
Total liabilities	4,286,137
Total equity attributable to equity shareholders of the company	246,616
Non-controlling interests	99,934
Total equity	346,550
Total liabilities and equity	4,632,687

Financial Review

Overview

Profit attributable to ordinary shareholders

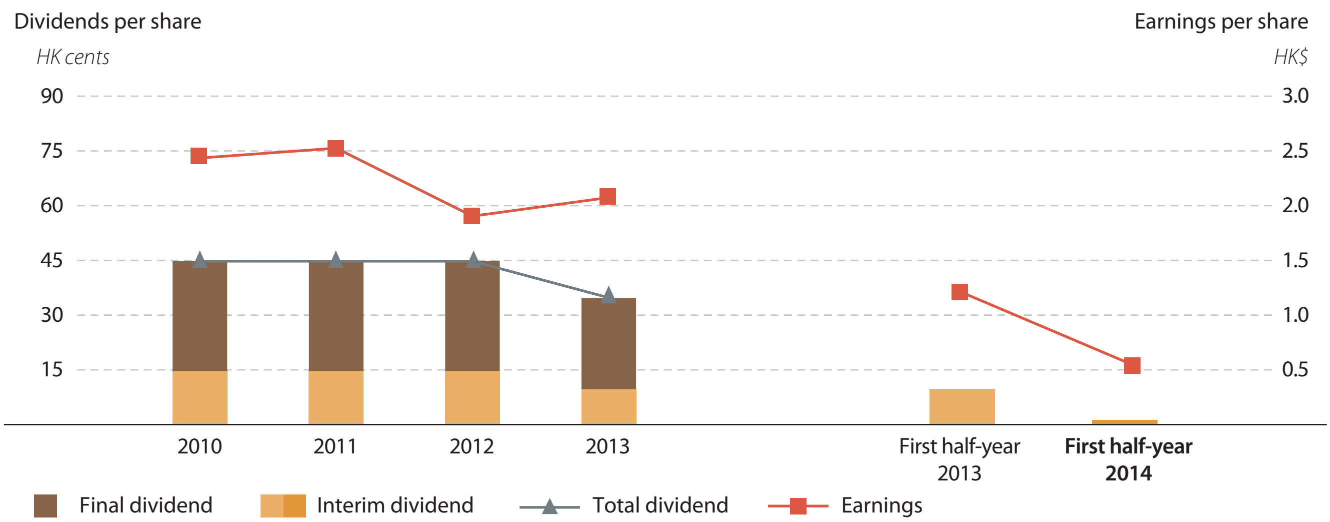
During the first half of 2014, the Group achieved a profit attributable to ordinary shareholders of HK$2,005 million, representing a decrease of 55% year-on-year, largely due to a gain made in 2013 on the sale of an 18.6% interest in CITIC Telecom and a corresponding fair value gain on the remaining shares. Attributable profit from business operating excluding gains on sale of assets were HK$2,637 million, 45% above the same period last year. The profit margin of our special steel business continued to improve with the fall in price of raw materials. The Property business in Hong Kong performed better than last year owing to a sale of a commercial building, DCH Commercial Centre. Additionally, more residential units were delivered to our customers in the PRC as well as to customers in Discovery Bay in Hong Kong.



Earnings per share and dividend

Earnings per share of profit attributable to ordinary shareholders was HK$0.55 in the first half of 2014 compared with HK$1.22 in the first half of 2013, a decrease of 55%. The number of ordinary shares outstanding was 3,649,444,160 on both 30 June 2013 and 30 June 2014.

The HK$374 million cash to be distributed as an interim dividend is similar to last year. It is 19% of the profit attributable to ordinary shareholders in the first half of 2014. Because of the additional shares issued on completion of the purchase of CITIC Corporation Limited, the interim dividend per share is HK1.5 cents (2013: HK10 cents).

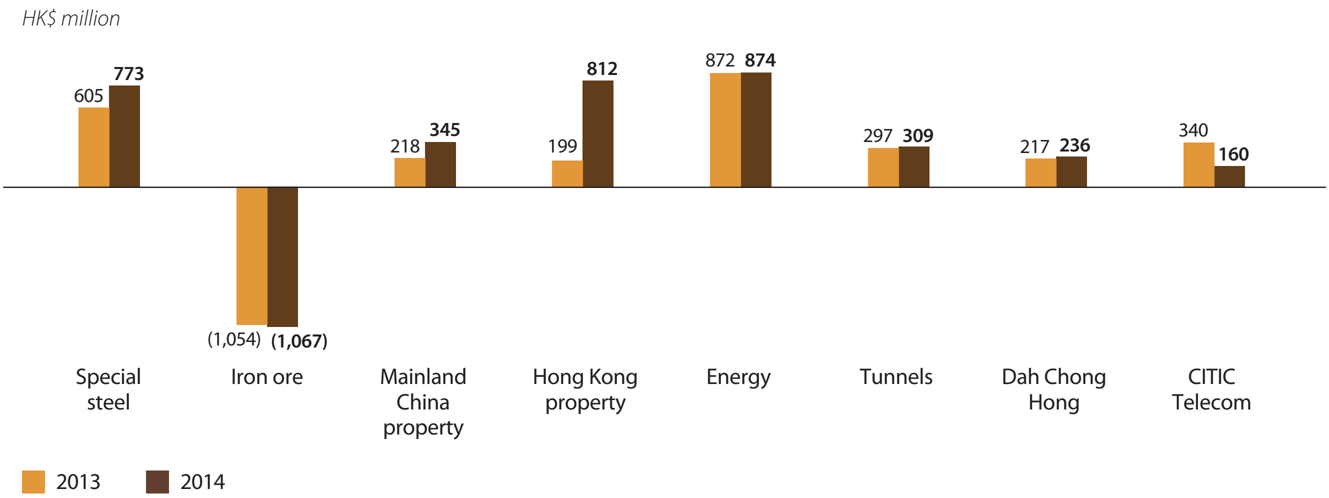


Attributable profit/(loss) and assets by business

In HK$ million	Attributable profit/(loss)^ Half-year ended 30 June 2014	2013	Assets As at 30 June 2014	As at 31 December 2013
Special steel	**773**	605	**58,976**	58,429
Iron ore	**(1,067)**	(1,054)	**93,276**	88,134
Mainland China property	**345**	218	**45,326**	46,126
Hong Kong property	**812**	199	**14,504**	17,118
Energy	**874**	872	**10,535**	9,784
Tunnels	**309**	297	**2,102**	2,183
Dah Chong Hong	**236**	217	**21,696**	21,627
CITIC Telecom	**160**	340	**3,945**	3,893
Other investments	**195**	120	**4,079**	3,792
	2,637	1,814	**254,439**	251,086

^ Excluding gain on sale of assets

Attributable profit/(loss) by business



Special Steel: The overall price of our products for the first half of 2014 as compared with the same period in 2013 remained relatively stable, and the margin was enhanced by a much lower cost of raw materials utilised in production. A total of 3.68 million tonnes of special steel products were sold during the period, 2% more than last year.

Iron Ore: The attributable loss in the first half of 2014 was at about the same level as the same period last year. Non-capitalised loan interest associated with completed equipment was higher than that of last year, but the increment in interest expenses was offset by a lower provision made for a potential mismatch between gas delivery under contracts and the production schedule.

Mainland China Property: Higher net attributable profit during the first half of 2014 was due primarily to an increase in the delivery of property at our Hainan Project to customers. The leasing business was comparatively steady, with occupancy rates of our investment properties at approximately 89% on 30 June 2014, which was comparable with preceding years.

	Half-year ended 30 June			
In HK$ million	**2014**	2013	Increase/(Decrease)	
Sales	**344**	99	245	247%
Leasing	**213**	221	(8)	(4)%
Others and operating expenses	**(212)**	(102)	(110)	(108)%
Total	**345**	218	127	58%

Hong Kong Property: For the first half of 2014, the property development and sales business turned around as higher earnings shared from our associated company, Hong Kong Resorts, owing to more residential properties at Discovery Bay being delivered. Following the completion of the sale of DCH Commercial Centre, a gain was also recorded within the property development and sales business, but a subsequent loss of corresponding rental income drove down our earnings in the leasing business. This was, however, partially compensated by rising rental income from our existing investment properties.

	Half-year ended 30 June			
In HK$ million	**2014**	2013	Increase/(Decrease)	
Property development and sales	**615**	(42)	657	n/a
Leasing	**197**	241	(44)	(18)%
Total	**812**	199	613	308%

Energy: The attributable profit of the Energy division for the first half of 2014 remained at the same level as the first half of last year. Earnings from power generation increased 12% due primarily to lower coal prices. For the same reason, our 30% owned Xinjulong coal mine in Shandong recorded a lower attributable profit during the period, even though it sold 24% more coal as compared with the same period last year.

	Half-year ended 30 June			
In HK$ million	**2014**	2013	Increase/(Decrease)	
Power generation	**703**	627	76	12%
Coal	**171**	245	(74)	(30)%
Total	**874**	872	2	–

Tunnels: Higher earnings were mainly attributable to growth in market share and volume of traffic between Hong Kong and Kowloon as compared with the first half of last year. Average daily traffic through the Eastern and Western Harbour Tunnels increased 2% and 6% respectively.

Dah Chong Hong: The 9% increase in contribution from Dah Chong Hong was mainly due to the strong growth of the commercial vehicle business in Hong Kong, Taiwan and Singapore. The car dealership business in China was affected by the start-up expenses of new 4S shops, resulting in a contribution that was almost equal to the same period last year. The Food and Consumer Products business in Hong Kong maintained stable growth, whilst contribution from mainland China dropped owing to the sluggish gift market and development costs incurred by the regional sales offices.

CITIC Telecom: Excluding the gain recorded in June 2013 resulting from the accounting treatment on the increase from the 20% to 99% equity interest in Companhia de Telecomunicações de Macau, S.A.R.L.("CTM"), CITIC Telecom's operating earnings in the first half of the current year improved due to the inclusion of profit contribution from CTM and the steady growth of data services. This was partially offset by lower earnings of the hubbing business, which was adversely affected by intensely challenging global wholesale IDD market.

Gain on Disposal of Assets: The gain in the first half of 2013 comprised a disposal gain of an 18.6% interest in CITIC Telecom and a fair value gain on our remaining shares, a negative goodwill recognised following our acquisition of a 25% interest in Xingcheng Phase II, and a fair value gain on our existing shares in the business immediately after the acquisition.

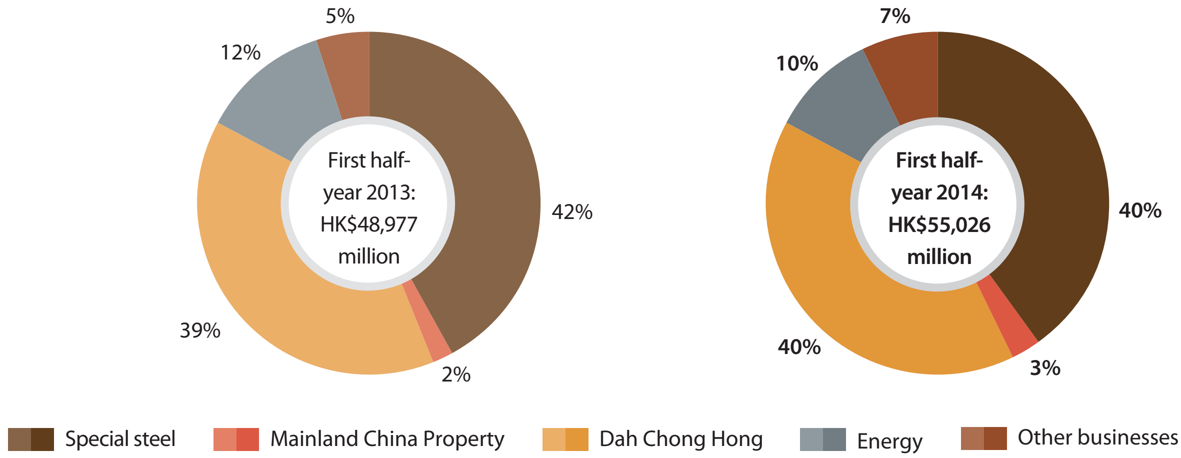
Change in the Fair Value of Investment Properties: The fair value of investment properties increased by HK$660 million in the first half of 2014, compared with HK$608 million in the first half of 2013. This was due to an upward revaluation of investment properties of CITIC Limited in both mainland China and Hong Kong.

Group Financial Results

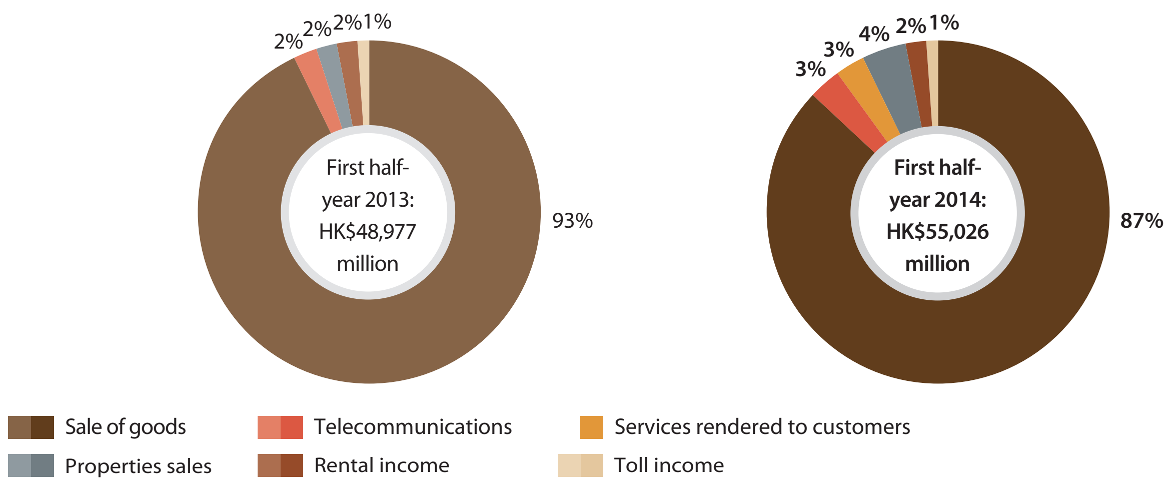
Revenue

If we include share of revenue from joint ventures and associated companies included in Notes 17 and 18 of the financial statements in the 2013 Annual Report, as well as the Western Harbour Tunnel, revenue from operations increased 12% from HK$48,977 million in the first half of 2013 to HK$55,026 million in the first half of 2014. Dah Chong Hong was the major contributor to the increase, which was mainly driven by rising passenger car sales with an expanded dealership network in the PRC. Revenue from Special Steel increased since we began consolidating our 100% interest in Xingcheng Phase II on 1 April 2013 following the acquisition of our additional 25% interest. The Property businesses in both the PRC and Hong Kong benefited by having more residential units delivered to our customers.

By business



By nature



Net finance charges

Total finance charges increased 3% from HK$2,813 million in the first half of 2013 to HK$2,887 million in the first half of 2014, due to increased borrowing of HK$1 billion. Average cost of debt was 4.5% in the first half of 2014.

Capitalised interest, which was mainly attributable to the development of our mining operation in Australia, dropped from HK$1,395 million in the first half of 2013 to HK$840 million in the first half of 2014 as some of the facilities became ready for their intended use during the period.

After inclusion of other finance charges and netting off with finance income, the net finance charges increased from HK$1,104 million in the first half of 2013 to HK$1,805 million in the first half of 2014, of which HK$930 million was attributed to the Iron ore segment.

Taxation

Taxation in the first half of 2014 increased 2% to HK$272 million as compared with the same period last year, mainly due to the increase in earnings of our underlying businesses.

Group Cash Flows

	Half-year ended 30 June			
In HK$ million	**2014**	2013	Increase/(Decrease)	
Source of cash:				
Cash inflows from business operations	**5,998**	3,729	2,269	61%
Other cash inflows				
Dividends received and loan repayment from joint ventures and associated companies	**985**	907	78	9%
Proceeds of sale of fixed assets and investment properties	**144**	139	5	4%
Others	**333**	209	124	59%
	1,462	1,255	207	16%
	7,460	4,984	2,476	50%
Increase in net borrowings	**1,168**	1,742	(574)	(33)%
Issue of perpetual capital securities	**–**	7,725	(7,725)	(100)%
	8,628	14,451	(5,823)	(40)%
Use of cash:				
Capital expenditure*	**(6,320)**	(8,859)	(2,539)	(29)%
Dividends paid to ordinary shareholders	**(912)**	(1,095)	(183)	(17)%
Distribution made to holders of perpetual capital securities	**(567)**	(230)	337	147%
Interest paid	**(2,770)**	(2,764)	6	–
Other cash outflows	**(4,678)**	(629)	4,049	644%
	(15,247)	(13,577)	1,670	12%
Net (decrease)/increase in cash	**(6,619)**	874	(7,493)	n/a

* Capital expenditure analyses on pages 18 to 19 include capitalised interest of HK$840 million (2013: HK$1,395 million)

Cash generated from our business operations in the first half of 2014 increased 61% to HK$6 billion, primarily because of the proceeds from the sale of DCH Commercial Centre. Other cash receipts mainly comprised dividends received and loan repayment from joint ventures and associated companies, which were similar to last year. Including an increase in net borrowing of HK$1.2 billion, total sources of cash in the first half of 2014 amounted to HK$8.6 billion.

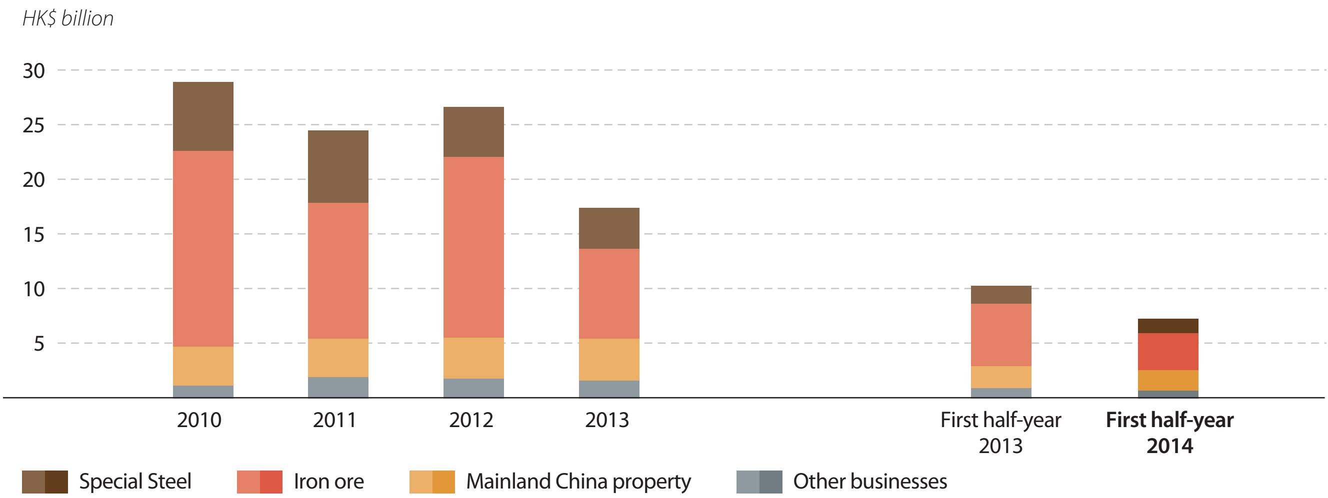
Capital expenditure outflows during the period were around HK$6.3 billion, 29% lower than the same period last year. More details on capital expenditure can be found on pages 18 to 19. Other cash outflows mainly comprised an increase in non-current deposit payments in relation to the new phases of the special steel plants, and the iron ore project, as well as an investment in bank deposits with maturity over three months. Together with the final dividend paid to ordinary shareholders, distribution to holders of perpetual capital securities, interest paid and various other payments, the total use of cash in the first half of 2014 was HK$15.2 billion.

Source of cash by business

	Half-year ended 30 June					
	2014			2013		
In HK$ million	**Cash flow from business operations**	**Other cash inflows**	**Total**	Cash flow from business operations	Other cash inflows	Total
Net cash inflow/(outflow):						
Special steel	**1,053**	**42**	**1,095**	1,691	50	1,741
Iron ore	**(146)**	**–**	**(146)**	15	1	16
Mainland China property	**1,356**	**601**	**1,957**	1,098	382	1,480
	2,263	**643**	**2,906**	2,804	433	3,237
Hong Kong property	**3,642^**	**59**	**3,701**	192	49	241
Energy	**24^**	**27**	**51**	8	318	326
Tunnels	**303**	**225**	**528**	304	1	305
Dah Chong Hong	**(14)^**	**177**	**163**	377	313	690
CITIC Telecom	**–**	**105**	**105**	64^	72	136
Others	**(220)**	**226**	**6**	(20)	69	49
	5,998	**1,462**	**7,460**	3,729	1,255	4,984

^ Including proceeds from the sale of a subsidiary company, a joint venture, and other assets held for sale

Capital expenditure



In HK$ million	Half-year ended 30 June 2014	2013	Increase/(Decrease)	
Special steel	**1,265**	1,529	(264)	(17)%
Iron ore	**3,463**	5,893	(2,430)	(41)%
Mainland China property	**1,877**	1,965	(88)	(4)%
	6,605	9,387	(2,782)	(30)%
Others	**555**	867	(312)	(36)%
	7,160	10,254	(3,094)	(30)%

Total capital expenditure, including capitalised interest, was HK$7.2 billion for the first half of 2014, 30% lower than the same period last year, mainly due to the delay in the start of construction of production lines 3 to 6 for the iron ore business. Capital expenditure in the special steel business also decreased as 2013 included spending for additional shares in Xingcheng Phase II, apart from the expenditure for new and existing plants.

Capital commitments

As at 30 June 2014, the contracted capital commitments of CITIC Limited and its subsidiary companies amounted to HK$6 billion.

Future capital expenditures will be funded by the Group's cash and deposits, as well as available credit facilities. Pages 28 to 29 describe the HK$31 billion of cash and deposits held by the Group and HK$15 billion of available committed facilities as at 30 June 2014.

Group Financial Position

In HK$ million	As at 30 June 2014	As at 31 December 2013	Increase/(Decrease)		Note to the Financial Statements
Total assets	**268,370**	267,779	591	–	
Fixed assets and properties under development	**142,366**	138,705	3,661	3%	
Derivative financial instrument assets	**145**	86	59	69%	18
Derivative financial instrument liabilities	**2,983**	2,697	286	11%	18
Inventories	**15,901**	14,660	1,241	8%	
Net debt	**90,406**	85,660	4,746	6%	
Total ordinary shareholders' funds and perpetual capital securities	**102,113**	101,763	350	–	

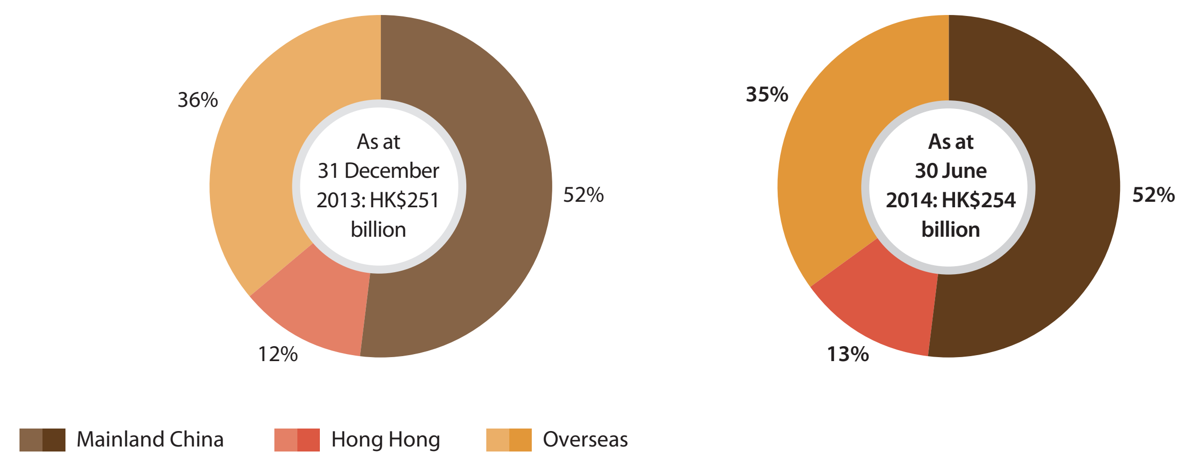
Financial Review

Total assets

Total assets increased from HK$267,779 million at the end of 2013 to HK$268,370 million at the end of the first half of 2014. Continuing construction and installation of equipment for the iron ore mine were the main drivers of the increase in business assets, which are analysed below:

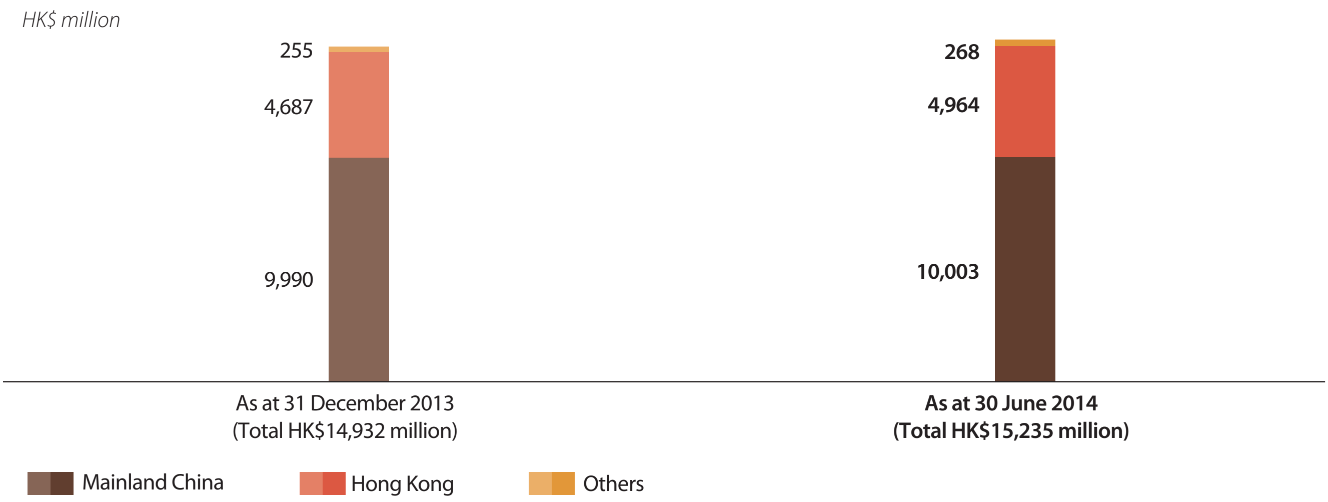
By business

By geography



Fair value of investment properties

Fair value of investment properties directly held by the Group increased from HK$14,932 million as at 31 December 2013 to HK$15,235 million as at 30 June 2014 due to a general upward revaluation for the period. The breakdown by geographical location is shown below:



Derivative financial instruments

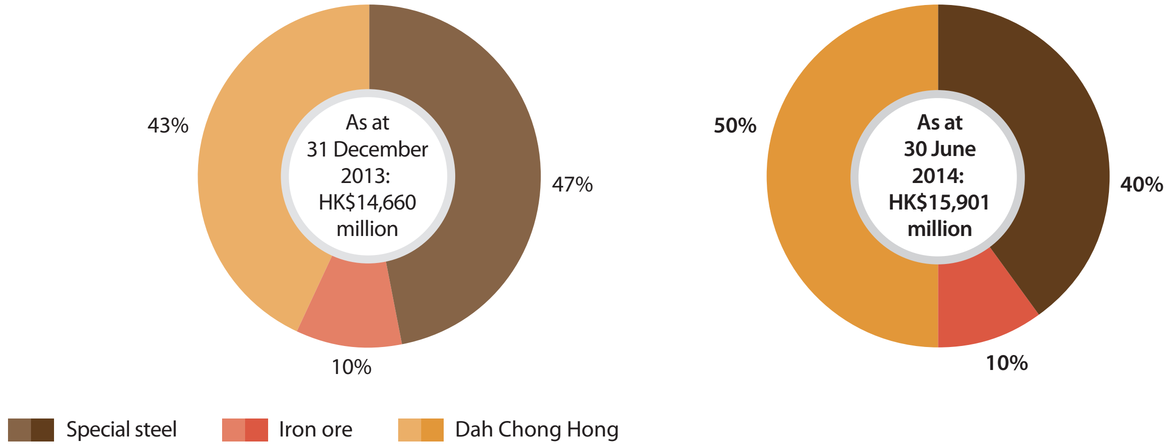
As at 30 June 2014, the Group had gross outstanding derivative instruments amounting to HK$28.6 billion. These derivative instruments had a negative fair value of HK$2.8 billion on 30 June 2014. All the derivative instruments were to fix interest rate and/or foreign currency exposure. The valuation loss in interest rate swaps arose because current interest rates are below the interest rates fixed by the swaps. The breakdown by type of derivative financial instrument is shown below:

	Notional amount		Fair value as at	
In HK$ million	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013
Forward foreign exchange contracts	**1,821**	2,225	**42**	(91)
Interest rate swaps	**26,175**	26,143	**(2,978)**	(2,596)
Cross currency swaps	**619**	642	**98**	76
	28,615	29,010	**(2,838)**	(2,611)

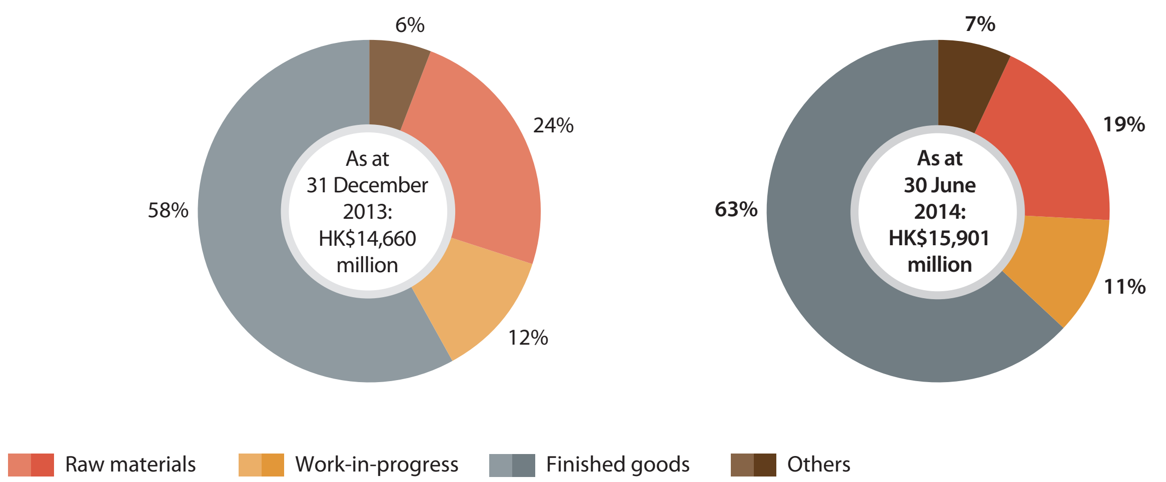
Inventories

Inventories comprise mainly iron ore, scrap metal, steel, motor vehicles, spare parts, electrical appliances, food and other trading items. Inventories as at 30 June 2014 increased 8% as compared with 31 December 2013, due primarily to an increase in motor vehicle stocks in both Hong Kong and the PRC to cater for increased demand. The breakdown of inventories by business and by type is shown below:

By business

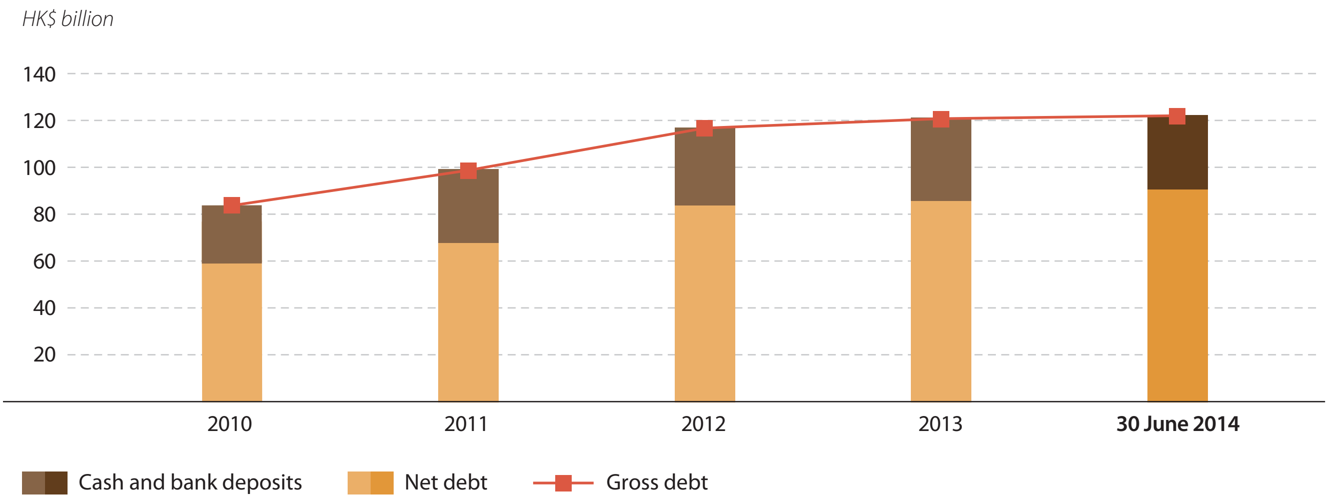


By type



Net debt

Financing needs during the first half of 2014 were met by a 6% increase in net debt. More details on outstanding debts and available loan and trade facilities can be found on pages 25 to 29.



Total ordinary shareholders' funds and perpetual capital securities

Total ordinary shareholders' funds and perpetual capital securities increased from HK$101,763 million as at 31 December 2013 to HK$102,113 million as at 30 June 2014, due to profit and other comprehensive income for the period, offset by the final dividend paid to ordinary shareholders and distribution to holders of perpetual capital securities of HK$1,479 million.

Risk Management

Each day, every business faces numerous risks at many different levels, so the primary responsibility for risk management is each employee at CITIC Limited working on his day-to-day activities. One of the essential elements of corporate governance is to ensure that these risks are identified and appropriately controlled.

Many parts of this interim report refer directly or indirectly to various risks faced by our businesses, but in this section key financial risks are addressed. Other non-financial risks, such as business, operational and other external risks associated with CITIC Limited's businesses, are also briefly discussed later in this section.

Overall risk management starts with the board of directors. The board has established asset and liability management, audit, executive, investment, nomination and remuneration committees whose activities play important roles in the overall control of various risks faced by CITIC Limited.

Financial Risk

Governance structure

The asset and liability management committee ("ALCO") was set up by the board to oversee and monitor the financial risk exposures of CITIC Limited. At each meeting, the board receives reports of the financial results and the financial positions of CITIC Limited, both current and projected. Written reports are provided to directors on all businesses identical to those reviewed by management at executive committee meetings. ALCO's major functions are asset and liability management and treasury risk management.

The group treasury department, headed by the group treasurer, is responsible for implementing the Treasury and Financial Risk Management Policy ("treasury policy", see Governance policy below), and communicating ALCO decisions to operating units, monitoring adherence and preparing relevant management reports to be presented to ALCO, the executive committee and the board.

All business units, whether they are subsidiaries, associates or joint ventures, are responsible for managing their financial risk positions within the confines of the overall risk framework and specific delegations defined by ALCO. They are responsible for identifying areas of risk and managing thereafter within their organisations and reporting those risks to ALCO on a timely basis.

Governance policy

The basic framework for financial risk management has been developed and is defined in the treasury policy approved by ALCO. This treasury policy is subject to periodic review so as to incorporate the latest risk standards in the market and/or business developments in CITIC Limited. The last review was completed in June 2014.

The treasury policy sets out control requirements and ensures alignment and consistency in which the major financial risks are dealt with, from identification, quantification and evaluation to final reporting to ALCO for its decisions on both asset and liability management and treasury risk management.

Financial Risk Management

Asset and liability management

One of the main functions of ALCO is asset and liability management. CITIC Limited's investments in different businesses are financed by a mixture of long-term debt, short-term debt and equity including perpetual capital securities. 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.

Debt and leverage

Debt

As at 30 June 2014, total outstanding debt of CITIC Limited and its subsidiaries amounted to HK$121,992 million. Total debt increased by HK$0.8 billion during the first half of 2014. Facilities totalling HK$16.9 billion were established or renewed during the period (HK$12.7 billion by CITIC Limited and HK$4.2 billion by its subsidiaries). The new facilities included US$250 million notes due in 2021 issued under a medium-term note programme, and a HK$8.8 billion syndicated loan due in 2019. Net debt increased by HK$4.6 billion from the end of 2013 to the end of June 2014. Between 1 July 2014 and the date of this report, US$510 million and HK$420 million notes were issued under the medium-term note programme to extend the maturity of the borrowings.

Total debt and net debt of CITIC Limited and its subsidiaries are as follows:

In HK$ million	**30 June 2014**	31 December 2013	30 June 2013
Total debt	**121,992**	121,144	118,697
Cash and bank deposits	**31,331**	35,070	33,685
Net debt	**90,661**	86,074	85,012

For risk management purposes, the analysis of debt is based on the principal amount of borrowings, rather than the carrying value adopted for reporting in the financial statements which includes unamortised expenses.

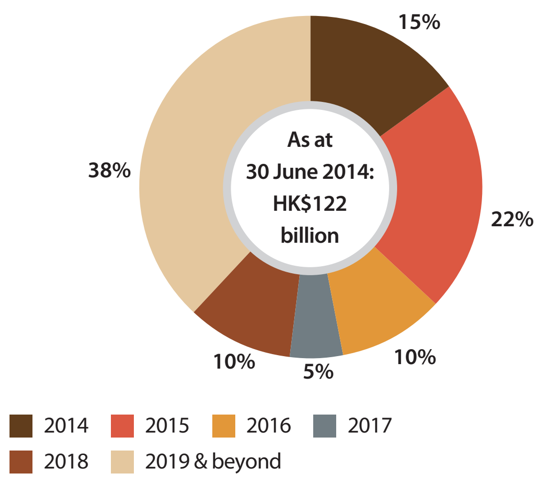
Debt raised in the name of legal entities within each business segment is:

In HK$ million	**30 June 2014**	31 December 2013
Special steel	**13,643**	13,346
Iron ore	**26,969**	27,737
Vessels	**2,600**	2,701
Mainland China property	**792**	776
Dah Chong Hong	**7,404**	7,435
Corporate	**70,584**	69,149
Total	**121,992**	121,144

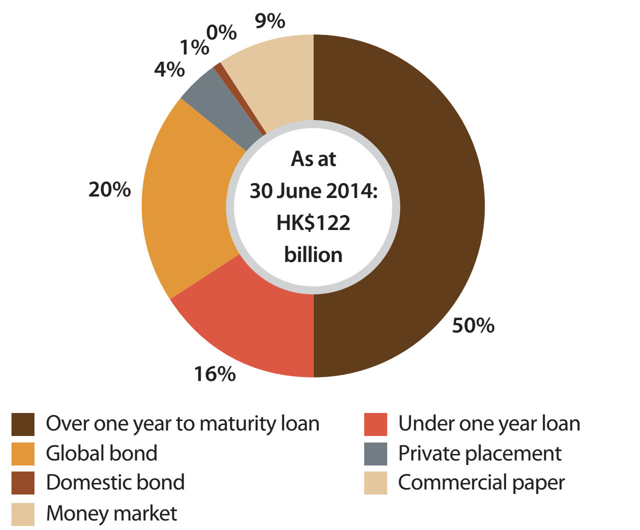
The maturity profile of the debt outstanding as at 30 June 2014 is as follows:

In HK$ million	**Total outstanding debt**	Maturing in these years					
		2014	2015	2016	2017	2018	2019 and beyond
Corporate	**70,584**	4,400	20,517	8,197	3,206	9,158	25,106
Subsidiaries	**51,408**	13,370	6,164	3,977	3,416	3,322	21,159
Total	**121,992**	17,770	26,681	12,174	6,622	12,480	46,265

Total outstanding debt by maturity



Total outstanding debt by type



CITIC Limited's non-consolidated businesses are classified as joint ventures or associated companies. Under Hong Kong generally accepted accounting standards, they are not consolidated in CITIC Limited's financial statements but recorded in the consolidated balance sheet as CITIC Limited's share of their net assets. The debts arranged by the joint ventures and associated companies are without recourse to their shareholders. None of these debts are guaranteed by CITIC Limited or its subsidiaries. Certain of CITIC Limited's associates such as Hong Kong Resort Company Ltd, which develops property projects in Discovery Bay, are 100% financed by their shareholders and do not have any external borrowings.

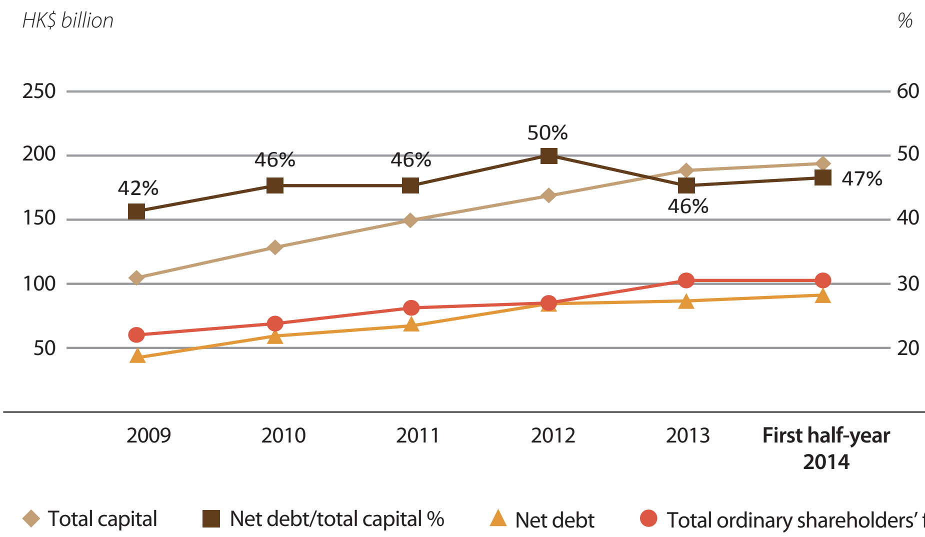
The following table shows the net debt/cash position of joint ventures and associated companies by business sector as at 30 June 2014:

In HK$ million	Total net debt/(cash)	Proportion of net debt/(cash) attributable to CITIC Limited
Special steel	249	96
Mainland China property	(5,526)	(2,763)
Hong Kong property	(1,050)	(517)
Energy	9,811	4,917
Tunnels	(298)	(104)
Dah Chong Hong	(93)	(52)
CITIC Telecom	6,670	2,751
Other investments	687	(59)
Total	**10,450**	**4,269**

Leverage

As at 30 June 2014, net debt was HK$90.7 billion, and total ordinary shareholders' funds and perpetual capital securities were HK$102.1 billion. Net debt divided by total capital is the measure of our balance sheet leverage. This ratio was 47% at the end of June 2014.

Leverage



Definitions

Total debt is the sum of all the loans, notes and bonds that are obligations of consolidated entities; ***Net debt*** is total debt less cash and bank deposits. ***Total ordinary shareholders' funds and perpetual capital securities*** consists of share capital, perpetual capital securities plus reserves and proposed dividends. ***Total capital*** is total ordinary shareholders' funds and perpetual capital securities plus net debt.

Risk Management

Liquidity risk management

Liquidity risk is in essence managed alongside asset and liability management. The objective of liquidity risk management is to ensure that CITIC Limited always has sufficient cash to meet its liabilities and has the flexibility to respond to opportunities by making sure that undrawn committed facilities are available to meet future funding and working capital requirements.

CITIC Limited's liquidity management procedures involve regularly projecting cash flows in major currencies and considering the level of liquid assets and new financings necessary to meet these cash flow requirements. Every month, cash flow projections for three years are reviewed and revised by business units and ALCO, and financing actions are taken accordingly.

> **How is the Australian mining development financed?**
>
> Since 2006, CITIC Limited's subsidiary, Sino Iron, has been building our iron ore mine in Australia.
>
> The mine's development is being financed by three amortising loan facilities with an outstanding sum of US$3.5 billion as at 30 June 2014 maturing between 2028 and 2030, and by shareholder loans and equity from subsidiaries of CITIC Limited. The loans are in USD because they will be repaid from the sales of iron ore, which is priced in USD. Sino Iron prepares its financial statements in USD, which is its ***functional currency***. Expenditure on equipment, civil works and operational costs may not be in USD – an example being staff salaries, which are mostly paid in AUD – resulting in foreign exchange risks, which are discussed later.

As at the end of June 2014, CITIC Limited maintained borrowing relationships with over 40 major financial institutions based in Hong Kong, mainland China, Taiwan and other jurisdictions. In addition, CITIC Limited has established cooperative agreements with major banks in mainland China under which CITIC Limited can apply for credit facilities for projects in mainland China. The banks' approval is required on a project-by-project basis.

CITIC Limited actively seeks to diversify its funding sources so as not to be reliant on any one market. Our policy is to diversify the sources of funding as much as possible through the increasing use of the capital market to supplement bank borrowings and to maintain a mix of staggered maturities to minimise refinancing risk.

The following sub-sections reflect CITIC Limited's asset and liability management and liquidity positions in various aspects:

Available sources of finance

CITIC Limited aims at maintaining the cash balance and undrawn committed banking facilities at a reasonable level to cover the debt repayments in the upcoming year as well as to support the on-going business development of CITIC Limited. The cash and deposits balance together with the undrawn committed banking facilities as at 30 June 2014 was HK$46.7 billion.

In addition to the cash and deposits balance of HK$31.3 billion as at 30 June 2014, CITIC Limited had available loan and trade facilities of HK$29.1 billion, of which HK$15.4 billion was undrawn committed banking facilities. Loans can be drawn under these committed facilities before the contractual expiry dates.

The following table summarises CITIC Limited's cash and deposit balances by location and currency:

In HK$ million	**Total**	US$	HK$	RMB	AUD	SGD	Others
Mainland China	**19,598**	1,560	21	17,979^	–	–	38
Hong Kong	**10,789**	6,204	4,535	32	–	–	18
Australia	**542**	406	–	1	134	–	1
Singapore	**287**	250	–	5	–	31	1
Others	**115**	32	–	–	–	–	83
Total	**31,331**	8,452	4,556	18,017	134	31	141

^ Includes in cash and bank deposits, there is a bank deposit of RMB516 million (equivalent to HK$650 million) received in an escrow account from CITIC Bank for construction of a property located in Shanghai to be delivered to them on completion.

The following table summarises CITIC Limited and its subsidiaries' funding by type of bank facility:

In HK$ million	Total financial facilities	Amount utilised	Available unutilised facilities	Percentage breakdown of unutilised facilities
Committed facilities				
Loans for more than one year to maturity	74,862	60,471	14,391	49%
Loans with maturity below one year	20,725	19,725	1,000	4%
	95,587	80,196	15,391	53%
Uncommitted facilities				
Money market lines and short-term facilities	18,558	10,281	8,277	28%
Trade facilities	9,093	3,635	5,458	19%
	27,651	13,916	13,735	47%
Total	**123,238**	**94,112**	**29,126**	**100%**

The following table summarises the outstanding bank facilities of CITIC Limited and its subsidiaries by location of lenders:

In HK$ million	Total financial facilities	Amount utilised	Available unutilised facilities	Percentage breakdown of unutilised facilities
Bank borrowings				
Mainland China	61,482	53,219	8,263	28%
Hong Kong	54,426	37,219	17,207	59%
Others	7,330	3,674	3,656	13%
Total facilities	**123,238**	**94,112**	**29,126**	**100%**

Guarantees

Subsidiaries and affiliates secure debt facilities to fund their investments, to the extent possible, without recourse to CITIC Limited. The major exception is the iron ore mining project. For this project, CITIC Limited provides guarantees for the performance obligations under construction or procurement contracts, interest rate hedging transactions, foreign exchange hedging transactions and a total outstanding of US$3.5 billion in debt facilities. Other guarantees mainly include those provided for ship financing, a Japanese Yen bond and trade facilities for two subsidiaries.

Pledged assets

As at 30 June 2014, CITIC Limited had a total of HK$80.4 billion of assets pledged for various facilities. Iron ore assets of HK$74.4 billion were pledged under its financing documents. Twelve ships with carrying value of HK$5.1 billion for transporting iron ore from the mine to steel plants in mainland China were pledged as security for the ships' financing. In addition, assets of HK$0.9 billion were pledged to secure banking facilities, which mainly related to Dah Chong Hong's mainland China business.

Financial covenants

Over the years, CITIC Limited has developed a standard loan document, including covenants to facilitate the management of its loan portfolio and debt compliance. CITIC Limited monitors these covenants on a regular basis and has been in compliance with them and any others applicable to a particular facility. The standard financial covenants are generally as follows:

	Covenant limit	Actual 30 June 2014
Minimum Consolidated Net Worth		
Consolidated Net Worth	≥ HK$25 billion	HK$102.7 billion
Gearing		
Consolidated Borrowing/Consolidated Net Worth	≤ 1.5	1.2
Negative Pledge		
Pledged Assets/Consolidated Total Assets	≤ 30%	0.3%

For the purpose of the above covenant limits, as defined in the relevant borrowing agreements:

"Consolidated Net Worth" means the aggregate of shareholders' funds, goodwill from acquisitions and developments having been written off against reserves or the profit and loss account, convertible debt and subordinated debt (including perpetual debt).

"Consolidated Borrowing" means the aggregate of all consolidated indebtedness for borrowed money (includes indebtedness arising under acceptances and bills of exchange other than in respect of goods or services acquired in the ordinary course of business) and all contingent obligations in respect of indebtedness for borrowed money other than the aforesaid consolidated indebtedness for borrowed money.

"Negative Pledge" allows certain exceptions, including but not limited to any security over any asset acquired or developed, which security is created to finance or refinance the acquisition or development of such asset.

Credit ratings

	Moody's	S&P
30 June 2014	Ba2 (Review for Upgrade)	BB (CreditWatch: Positive)
28 August 2014	A3 (Stable)	BB (CreditWatch: Positive)
11 September 2014	A3 (Stable)	BBB+ (Stable)

Subsequent to the completion of CITIC Pacific's acquisition of a company holding substantially all of the businesses of CITIC Group Corporation, Moody's upgraded CITIC Limited's rating to A3 on 28 August 2014 and S&P to BBB+ on 11 September 2014.

The upgrade by these two rating agencies, which equalizes CITIC Limited's ratings with that of CITIC Group, reflects CITIC Limited's significant increase in scale as well as the enhancement in credit profile. CITIC Limited's ratings reflect strong support from the Chinese government to the CITIC Group.

Capital commitments and contingent liabilities

CITIC Limited's contingent liabilities as at 30 June 2014 had not significantly changed from the position as at 31 December 2013 described on page 253 of the 2013 annual report, except as follows:

The Mining Right and Site Lease Agreements entered into by two subsidiary companies of the Group with Mineralogy Pty Ltd ("Mineralogy") in connection with the Sino Iron Project in Western Australia contain a clause that, unless certain exceptions apply, each subsidiary is to pay an amount if either of them produces less than six million tonnes of iron ore by March 2013. Under such clause, if the conditions for payment are met and the exceptions are not applicable, the amount payable is calculated by reference to the royalty payable on the amount of magnetite ore required to produce six million tonnes of iron ore concentrate. Due to changes in the iron ore market it is no longer possible to calculate one component of the royalty (ie, Royalty Component B). In its 2013 Special Purpose Financial Report Mineralogy stated that it agrees that it is also not possible to calculate the minimum royalty amount. However, since April 2014, Mineralogy has adopted the position that it is possible to determine Royalty Component B.

Neither of the subsidiary companies produced six million tonnes of iron concentrate by March 2013. In early 2013, Mineralogy commenced court proceedings seeking an order that the minimum royalty was payable by the Group. Mineralogy subsequently amended its case to seek a declaration that the Mining Right and Site Lease Agreements were terminated due to the legal doctrine of frustration. In April 2014, Mineralogy advised it withdrew its allegation that the Mining Right and Site Lease Agreements were terminated and sought leave from the court to reinstate its claim for the minimum royalty. Before leave was obtained from the court, Mineralogy changed its position a further time. Mineralogy's new statement of claim in these proceedings no longer seeks orders from the court that any Group Company must pay the minimum royalty. In June 2014, Mineralogy took steps to attempt to compel the Company subsidiaries to join with it to refer the Q1, 2014 Mineralogy Royalty payment, which Mineralogy disputes, to Expert Determination. The latest statement of claim seeks orders to require the Company subsidiaries to participate in the Expert Determination process and also raises claims in connection with various obligations to provide information in the Mining Right and Site Lease Agreements. The Company subsidiaries maintain that the dispute is not appropriate for Expert Determination for various reasons including the fact that Royalty Component B cannot be calculated, and the Company subsidiaries have complied with any information requests that have been validly made. As noted above, Mineralogy's own Special Purpose Financial Report for the year ended 30 June 2013 refers to the derecognition of 'the minimum royalty receivable and associated deferred revenue'.

Since the date of the last audited accounts, the Group has reviewed its liability for the minimum royalty having regard to the current circumstances. Following this review, the Group has decided that it is no longer necessary to include a provision for the minimum royalty in the accounts.

As at 30 June 2014, the contracted capital commitments of CITIC Limited and its subsidiary companies were approximately HK$6 billion.

The Hong Kong Securities and Futures Commission (the "SFC") announced on 11 September 2014 that it has commenced proceedings in the Hong Kong Court of First Instance (the "High Court") and the Market Misconduct Tribunal (the "MMT") against the Company and five of its former executive directors, Mr. Larry Yung Chi Kin, Mr. Henry Fan Hung Ling, Mr. Leslie Chang Li Hsien, Mr. Peter Lee Chung Hing, and Mr. Chau Chi Yin (the "Former Directors"). In summary, 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 leveraged foreign exchange contracts in 2008. The SFC seeks from the High Court orders to restore or compensate investors whom the SFC alleges may have incurred losses by acquiring the Company's shares after market close on 12 September 2008 and before 20 October 2008. The SFC is also asking the MMT to inquire into the matter and, if the MMT considers appropriate, to sanction the Company and the Former Directors. Further information about the SFC's allegations can be found on the SFC's website (www.sfc.hk). The Company is seeking legal advice.

Treasury risk management

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

- Foreign exchange risk
- Interest rate risk
- Counterparty risk
- Commodity risk

Financial derivatives may be used to assist in the management of the above risks. It is CITIC Limited's policy not to enter into derivative transactions for speculative purposes. The use of derivative instruments is currently restricted by ALCO to interest rate swaps, cross currency swaps, plain vanilla forward foreign exchange contracts and thermal coal commodity futures. The use of structured derivatives and instruments or contracts that contain embedded options would require presentation to and the specific approval of ALCO. From a risk management perspective, simple, cost-efficient and HKAS 39 hedge effective instruments are preferred. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged in economic terms and/or under accounting rules.

CITIC Limited has engaged Reval Inc. ("Reval"), a derivative risk management and hedge accounting solutions firm, to provide a system supported by consulting services to better monitor its derivatives portfolio and ensure compliance with the latest accounting standards. The valuations of the derivatives portfolio as at 30 June 2014 are in compliance with HKFRS 13, which is effective since 1 January 2013. The system provided by Reval has been upgraded to generate the valuations that were used in the compilation of this report. In addition, in December 2013 the group treasury department started to adopt the Treasury & Risk Management System called "Integrity", offered by SunGard Data Systems Inc. ("SunGard") to facilitate its operations and risk management of all treasury related activities.

Foreign exchange risk

CITIC Limited has major operations in Hong Kong, mainland China and Australia whose functional currencies are Hong Kong dollar ("HKD"), Renminbi ("RMB") and United States dollar ("USD"). Entities within CITIC Limited are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. CITIC Limited is subject to the risk of loss or profit due to changes in USD, RMB and Australian dollar ("AUD") exchange rates. There are also exposures to the Japanese Yen ("JPY") (from operations and assets related to DCH), Euro ("EUR") (from equipment and product purchases) and other currencies.

CITIC Limited's material currency exposures arise from the following:

(1) USD denominated debt
(2) RMB denominated debt
(3) expenditure relating to its iron ore mining operations in Australia and steel operations in mainland China
(4) purchases of raw materials by steel operations in mainland China
(5) purchases of finished products for sale by DCH, and
(6) investment in mainland China and Australia

We strive to reduce currency exposures by matching assets with borrowings in the same currency to the extent possible. Our policy is to hedge transactions where value or time to execution will give rise to material currency exposure, provided that the cost of the hedging instrument is not prohibitively expensive in comparison to the underlying exposure. CITIC Limited uses forward contracts and cross currency swaps to manage its foreign exchange risk. Hedging is only considered for firm commitments and highly probable forecast transactions.

The consolidated financial statement is presented in HKD, which is the CITIC Limited group's presentation currency and CITIC Limited's functional and presentation currency. Translation exposures from the consolidation of subsidiaries whose functional currency is not HKD are not hedged using derivative instruments, as this is not a cash exposure.

US Dollar (USD) – Being CITIC Limited's investment in businesses with functional currency denominated in USD, the iron ore business including shipping had USD gross assets of HK$90 billion as at 30 June 2014. Correspondingly, CITIC Limited had HK$87.1 billion equivalent of US dollar debt, of which HK$45.8 billion equivalent was designated as a net investment hedge to minimise foreign currency exposure in the profit and loss account in the event of movements in the HKD/USD exchange rate.

Renminbi (RMB) – Businesses in mainland China had RMB gross assets of approximately HK$136 billion as at 30 June 2014, offset by debts and other liabilities of HK$45 billion. This gave CITIC Limited an RMB net asset exposure of HK$91 billion as at 30 June 2014. Renminbi is currently not a freely convertible currency, and "registered capital", which usually accounts for at least one third of the total investment amount for projects in mainland China, may be required to be paid in foreign currency by foreign investors such as CITIC Limited. This RMB investment risk is accepted by CITIC Limited as a natural consequence of its strategy of investing in business related to the development of China.

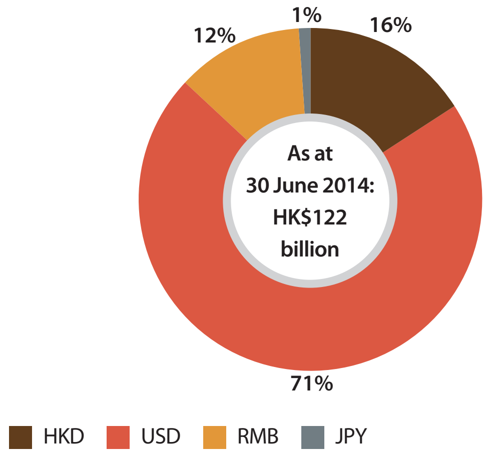
Australian Dollar (AUD) – Our Australian mining operation's functional currency is USD as the future revenues from its iron ore business are denominated in USD. However, a substantial portion of its developmental and operating expenditures are denominated in AUD. To manage the AUD exposure of the business, the Australian mining operation has adopted a policy to stabilise the effective exchange rate over time by entering into plain vanilla forward contracts to hedge part of its forecast future AUD expenditures up to one year ahead. As at 30 June 2014, the Australian mining operation had plain vanilla forward contracts with a notional amount of A$202 million outstanding with maturities up to April 2015.

Japanese Yen (JPY) – CITIC Limited issued a JPY8.1 billion bond in 2005. From an economic perspective, this JPY exposure is hedged through a cross currency swap into Hong Kong dollar floating rate payments. This swap does not qualify as an accounting hedge under the specific rules in HKAS 39, therefore changes in its fair value are reflected in the profit and loss account. The JPY bond is the only significant JPY exposure as at 30 June 2014.

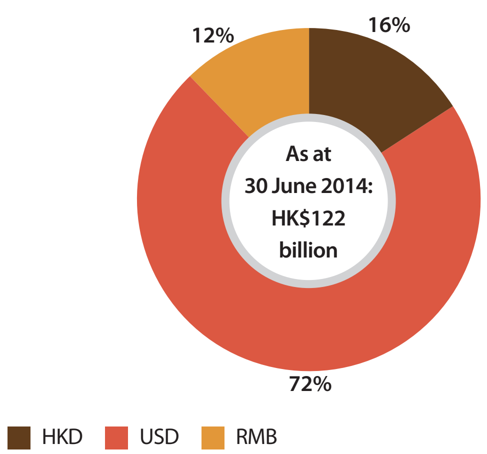
The denomination of CITIC Limited and its subsidiaries' total debt and cash and bank deposit balances by currency as at 30 June 2014 is summarised as follows:

In HK$ million equivalent	Total	Denomination HK$	US$	RMB	JPY	Others
Total debt in original currency	**121,992**	19,504	87,101	14,118	653	616
Total debt after conversion	**121,992**	20,008	87,343	14,118	149	374
Cash and bank deposits	**(31,331)**	(4,556)	(8,452)	(18,017)	(55)	(251)
Net debt/(cash) after conversion	**90,661**	15,452	78,891	(3,899)	94	123

Total outstanding debt by currency



Outstanding debt after conversion



Interest rate risk

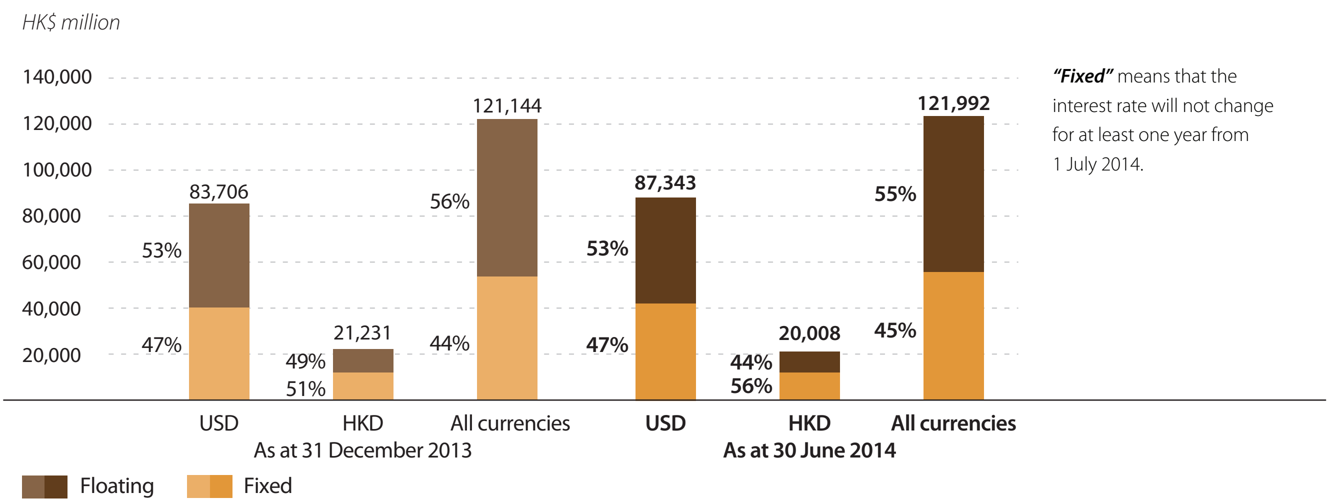
CITIC Limited's interest rate risk arises primarily from debt. Borrowings at variable rates expose CITIC Limited to cash flow interest rate risk, whilst borrowings at fixed rates expose CITIC Limited to accounting fair value interest rate risk. In the current low interest rate environment, CITIC Limited manages the ratio of fixed/floating debt to achieve a balance between minimising our interest expense and protecting against large increases in interest rates.

This risk is managed by considering the whole portfolio of interest bearing assets and liabilities. The net desired position is then managed by borrowing fixed rate or through the use of interest rate swaps, which have the economic effect of converting floating rate borrowings into fixed rate borrowings.

The appropriate ratio of fixed/floating interest rate risk for CITIC Limited is reviewed periodically. The level of fixed rate debt is decided after taking into consideration the potential impact of higher interest rates on profit, interest cover and cash flow cycles of CITIC Limited's business and investments.

As at 30 June 2014, CITIC Limited's floating to fixed interest rate derivative contracts had a notional amount of HK$26 billion, which includes HK$24.4 billion maturing over one year. After hedging through interest rate swaps and the issuance of fixed rate debt, 55% of the borrowings of CITIC Limited were linked to floating interest rates. In addition, CITIC Limited has entered into HK$200 million of forward starting swaps to lock in fixed rates for 3 years.

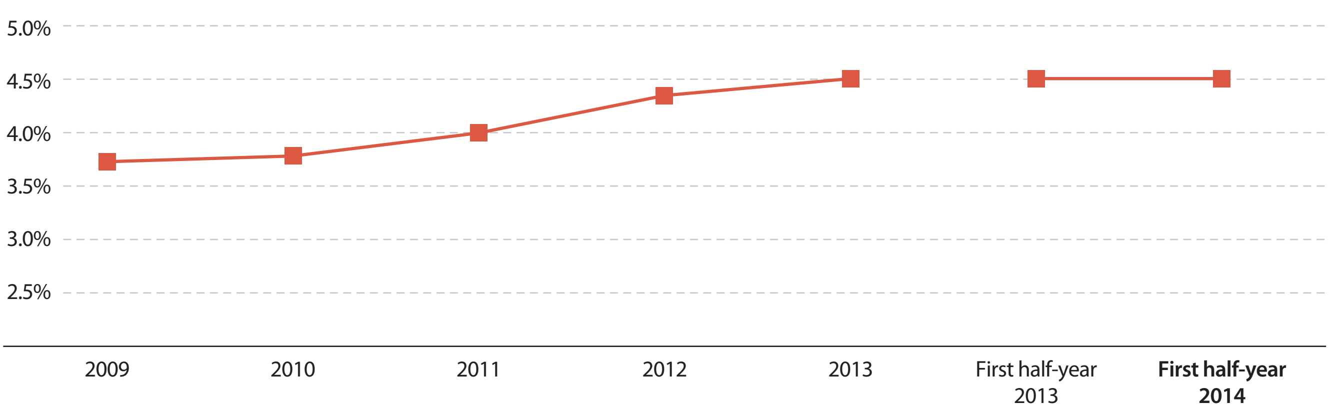
Borrowing at fixed and floating interest rates after hedging as at 30 June 2014 and 31 December 2013



"Fixed" means that the interest rate will not change for at least one year from 1 July 2014.

CITIC Limited's overall weighted all-in cost of borrowing (including interest paid or accrued, fees and hedging costs or profits from interest rate swaps contracts) for the first half of 2014 was approximately 4.5% compared with 4.5% for the same period of 2013.

Average borrowing costs



Counterparty risk

CITIC Limited keeps a large amount of cash deposits at financial institutions. To mitigate the risk of non-recovery of cash deposits or financial instrument gains, CITIC Limited deals mostly with international financial institutions with a credit rating of A- (S&P) or A3 (Moody's). Special authorisations are given by ALCO for mainland Chinese institutions, many of which do not have international credit ratings. In the great majority of cases, a maximum deposit limit is set that does not exceed the amount borrowed from the same institution.

Deposits are safe, liquid, interest-bearing and consistent with treasury and business purpose needs. Management monitors market developments, reviews the list of approved counterparties and closely monitors their credit quality, and revises deposit limits on an on-going basis.

The group treasury department is responsible for allocating and monitoring the limits with the list of approved financial institutions. Management does not expect any losses from non-performance by our financial counterparties.

Commodity risk

CITIC Limited purchases and produces commodities across its various businesses; it has exposure to commodity price risks such as gas, coal and iron ore.

CITIC Limited has entered into long-term supply contracts for certain inputs, such as gas for the Australian mining operations and coal for its power generation business to manage some of its raw material exposure. CITIC Limited's businesses such as the manufacture of iron ore for its special steel operations, the ownership of ships to manage freight costs and production of coal to its power generation business are also exposed to commodity price risks as a result of on-going changing demand in these markets. Whilst CITIC Limited views that natural offsetting is being achieved to a certain extent across its different business sectors, continual risk management review is being performed to ensure commodity risks are well understood within its business strategies.

Due to the delay in the commissioning of the production lines for the Australian mining operations, the projected delivery of natural gas under certain gas supply contracts for the mining operations has, in aggregate, exceeded the current needs of the project. To manage these contracts and to minimise any adverse financial implications, the iron ore operation has entered into commercial agreements to dispose and/or swap and/or bank a portion of the excess gas to other parties. CITIC Limited will continue to evaluate and implement appropriate strategies to manage its gas portfolio in view of its requirements and market development.

CITIC Limited starts using financial instruments to hedge its commodity exposures under its energy business in mainland China. Thermal coal futures are being used to hedge the coal price by its power generation business in economic terms. However many other commodity exposures in the Group cannot be hedged effectively because there is no effective forward market for the product or there is insufficient liquidity in the markets. As at 30 June 2014, CITIC Limited did not have significant exposure to commodity derivatives.

Business, Operational, Other External Risks and Uncertainties

Apart from the financial risk reported in the earlier section, CITIC Limited's businesses are all subject to other business, operational, external risks and uncertainties. The executive committee of CITIC Limited, other management committees as well as risk management functions at the business/subsidiary level are responsible for ongoing monitoring and management of these risks, of which certain key risks are reported below.

Economic risks

CITIC Limited's businesses are all subject to the risks of negative developments in the economies in which they operate, which may be affected by global trends. The results of most of our businesses are closely linked to the success of the economy of mainland China as a whole, as well as the economies of Hong Kong and other cities. The sales of special steel are substantially to customers in China, as are the vehicles and other products of Dah Chong Hong; Sino Iron is expected to sell its output to steel mills in China, and our electricity is sold exclusively to users in mainland China. Our property developments are primarily in mainland China, and our infrastructure assets such as tunnels are in Hong Kong. Economic policies implemented that affect the whole economy, or sections of it, may adversely affect our business for periods of time.

In addition to their effects on our customers, changes to the global or local economies or regulations may adversely affect our relationship banks, joint venture partners, suppliers of goods (including principals with whom we have agency relationships), raw materials or power, and others on which our business depends.

Competitive markets

Some of our businesses, particularly special steel, property, telecommunications and vehicle and other product sales, operate in highly competitive markets. Failure to compete in terms of product specification, service quality, reliability or price may adversely affect us. The iron ore market price is set primarily by international supply and demand, and if a surplus of supply occurs it could adversely affect the results of our business.

Regulation

CITIC Limited's business mainly operates under three different systems of law, regulation and business practice: Australia, China and Hong Kong. Each has its own characteristics and may be subject to changes of substance or interpretation that could adversely affect our business. These may include tariffs, trade barriers, licenses, approvals, health and safety and environmental regulations, emission controls, taxation, exchange controls, employment legislation, and other matters. The electric power business is subject to price regulation, and if tariffs are not permitted to rise with cost increases, our results could be adversely affected.

The special steel, iron ore mining and power businesses are inherently likely to pollute the environment and may be subject to stringent licensing terms and regulations. Failure to adhere to these licensing terms and regulations may result in penalties or, in extreme cases, an inability to operate. The licensing terms or regulations may be changed at short notice, and it may be difficult to comply in a timely fashion causing an adverse effect on our business.

Capital expenditure

The nature of CITIC Limited's business is capital intensive, involving the construction and commissioning of major civil works and mechanical equipment. There may be difficulties in achieving this on time and within budget resulting from inherent performance, disputes with contractors or their failure to perform to specification or contract, adverse weather conditions or other events.

Natural disasters or events, terrorism and disease

Our business could be affected by events such as earthquakes, typhoons, cyclones or adverse weather conditions, or acts or threats of terrorism, or the outbreak of highly contagious disease, and could also be affected either directly or indirectly through reductions in the supply of essential goods or services or reduced economic activity on a local, regional or global scale.

CITIC Limited continues to strive for excellence in strengthening its risk management framework to fully cover the major risk types faced by its businesses. Taking our Australian mining operation as an example, a risk management function has been set up under the Sino Iron financial director to oversee the business's operational risk under a well defined risk standard and framework. Regular risk assessment workshops are conducted with different operation departments (e.g. mining, power, desalination plant) to identify any key risks in their respective areas. These are then analysed and escalated to management for proper attention as appropriate. A continual risk control improvement plan on these key risk items is actively being followed up to ensure they are appropriately managed. Alongside this established operational risk management process, insurance risk reviews are also conducted regularly within each business to make sure that existing insurance policies reflect and match the respective business risk profile.

Significant changes to the risk profile of CITIC Limited

On 25 August 2014 CITIC Pacific Limited purchased a company holding substantially all the businesses of CITIC Group Corporation. CITIC Pacific Limited changed its name to CITIC Limited and the company purchased changed its name to CITIC Corporation Limited. The newly acquired businesses will be gradually integrated into the risk management processes of the continuing business. A full description and analysis will be provided in the 2014 annual report. The businesses being acquired are described extensively starting on page 201 in a circular to shareholders dated 14 May 2014 that is available at www.citic.com, and the relevant financial information begins on page 350 of the circular, including reported total assets of RMB3,966 billion and total equity attributable to equity shareholders of RMB225 billion as at 31 December 2013. Pro-forma financial information of the enlarged group is stated on page II-1.

This transaction will expand the company's breadth and scale, strengthen its capital base, and enhance its earnings profile. Challenges will be faced by the company's management in terms of risk management associated with businesses newly acquired. Further strengthening of the risk management framework to cover the expanded business is one of the key priorities for the rest of 2014.

Human Resources

As at 30 June 2014, the Company employed a total of 36,235 employees (30 June 2013: 34,364) at its headquarters in Hong Kong and principal subsidiaries worldwide.

The Company considers its engaged workforce as critical asset to support its business success and therefore invests ample resources in attracting, rewarding and nurturing talented employees as well as promoting work-life balance to enhance employee engagement. As a responsible employer, the Company is committed to providing equal opportunity with respect to all human resources-related matters, maintaining fair and consistent human resources policies and standards, offering healthy and safe working environment and upholding high ethical standards in the workplace.

The Company continues its commitment to grooming its talents through a broad range of learning and development initiatives at all levels. In the first half of the year, a number of skills & professional training, management development programmes, and sharing and learning sessions were organised according to the identified development needs of its employees within the Company. In April and June, the key leadership development programme, namely CITIC Pacific Leadership Development Programme (CPLDP) was held for the fourth cohort of senior managers of the Company. To further drive the positive learning momentum, 2 reinforcement training modules have been added to enrich the programme. Besides developing its own employees, the Company has extended its training support to the children of its employees by organizing training classes in this summer.

Corporate Social Responsibility

The Company continued its contributions to the community through a wide range of volunteer and sponsorship initiatives during the year. In the first half of the year, the Company participated in the following charitable events:

- The "Skip Lunch Day 2014"in March organized by the Community Chest of Hong Kong to raise fund for its "Services for Street Sleepers, Residents in Cage Home and Cubicles".
- The red pocket re-use program "利利是是, 封完再封" in March organized by Greeners Action to support environmental protection.
- The "HSBC Pok Oi Cycle for Millions 2014" in April organized by Pok Oi Hospital. The Company sponsored 2 corporate teams, the "Caring People Team" from the Head office and "DCH Volunteer Team" from Dah Chong Hong to participate in the charity cycling event to raise fund for the Pok Oi Hospital for developing its social and community services and promoting cycling in Hong Kong.
- The "Oxfam Rice Sale" in May organized by the Hong Kong Oxfam. The Company sponsored a fund raising booth and sent 33 volunteers from its "Caring People Team" to participate in the Oxfam Rice Sale.
- In June, volunteers from its "Caring People Team" visited "The Farm for Healthy Ageing" of Hong Kong Young Women's Christian Association (YWCA) to experience organic farming and provide volunteer services by taking out the weeds from the farmland; assisting in the hoeing works and making eco-friendly vases for the YWCA as gifts.

Consolidated Profit and Loss Account

for the six months ended 30 June 2014 – unaudited

In HK$ million	Note	**2014**	2013
Revenue	3	**46,685**	41,291
Cost of sales		**(40,524)**	(36,295)
Gross profit		**6,161**	4,996
Other income and net gains	4	**770**	852
Distribution and selling expenses		**(1,747)**	(1,541)
Other operating expenses		**(2,608)**	(2,313)
Change in fair value of investment properties		**388**	599
Profit from consolidated activities	3 & 5	**2,964**	2,593
Share of results of			
Joint ventures	3	**1,428**	1,582
Associated companies	3	**651**	145
Profit before net finance charges and taxation		**5,043**	4,320
Finance charges		**(2,132)**	(1,362)
Finance income		**327**	258
Net finance charges	6	**(1,805)**	(1,104)
Profit before taxation		**3,238**	3,216
Taxation	7	**(272)**	(266)
Profit for the period from continuing operations		**2,966**	2,950
Profit for the period from discontinued operations	20	**–**	2,102
Profit for the period		**2,966**	5,052
Attributable to:			
Ordinary shareholders of the Company	3	**2,005**	4,463
Holders of perpetual capital securities		**562**	304
Non-controlling interests		**399**	285
		2,966	5,052
Profit attributable to ordinary shareholders of the Company arising from:			
Continuing operations		**2,005**	2,380
Discontinued operations		**–**	2,083
		2,005	4,463
Earnings per share for profit attributable to ordinary shareholders of the Company during the period (HK$)	10		
Basic earnings per share from:			
Continuing operations		**0.55**	0.65
Discontinued operations		**–**	0.57
		0.55	1.22
Diluted earnings per share from:			
Continuing operations		**0.55**	0.65
Discontinued operations		**–**	0.57
		0.55	1.22

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2014 – unaudited

In HK$ million	**2014**	2013
Profit for the period	**2,966**	5,052
Other comprehensive income (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associated companies and joint ventures	**(4)**	–
Surplus on revaluation of properties transferred from self-use properties to investment properties	**–**	130
	(4)	130
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts	**(228)**	1,291
Fair value changes from other financial assets	**158**	(73)
Share of other comprehensive income of associated companies and joint ventures	**(40)**	36
Exchange translation differences	**(666)**	1,012
Reserve released on disposal/deemed disposal of an interest in a joint venture	**(22)**	(206)
Reserve released on disposal of interest in a subsidiary company	**–**	(9)
	(798)	2,051
Other comprehensive income for the period, net of tax	**(802)**	2,181
Total comprehensive income for the period	**2,164**	7,233
Total comprehensive income for the period attributable to:		
Ordinary shareholders of the Company	**1,265**	6,642
Holders of perpetual capital securities	**562**	304
Non-controlling interests	**337**	287
	2,164	7,233
Total comprehensive income for the period attributable to ordinary shareholders of the Company arising from:		
Continuing operations	**1,265**	4,559
Discontinued operations	**–**	2,083
	1,265	6,642

Consolidated Balance Sheet

as at 30 June 2014 – unaudited

In HK$ million	Note	**30 June 2014**	31 December 2013
Non-current assets			
Property, plant and equipment		**111,892**	109,480
Investment properties		**15,235**	14,932
Properties under development		**10,624**	10,779
Leasehold land – operating lease		**2,671**	2,633
Joint ventures		**21,561**	22,647
Associated companies		**8,320**	7,668
Other financial assets		**483**	294
Intangible assets		**19,202**	18,802
Deferred tax assets		**3,402**	2,868
Derivative financial instruments	18	**25**	36
Non-current deposits and prepayments	11	**4,815**	3,748
		198,230	193,887
Current assets			
Properties under development		**1,944**	881
Properties held for sale		**2,944**	3,729
Other assets held for sale	12	**136**	3,848
Inventories		**15,901**	14,660
Derivative financial instruments	18	**120**	50
Debtors, accounts receivable, deposits and prepayments	13	**17,764**	15,654
Cash and bank deposits		**31,331**	35,070
		70,140	73,892
Current liabilities			
Bank loans, other loans and overdrafts			
secured	15	**1,610**	1,426
unsecured	15	**28,751**	25,713
Creditors, accounts payable, deposits and accruals	14	**26,717**	28,717
Derivative financial instruments	18	**73**	151
Provisions	19	**555**	130
Provision for taxation		**1,173**	1,139
Liabilities of a company to be disposed classified as held for sale		**–**	43
		58,879	57,319
Net current assets		**11,261**	16,573
Total assets less current liabilities		**209,491**	210,460
Non-current liabilities			
Long term borrowings	15	**91,376**	93,591
Deferred tax liabilities		**3,993**	3,918
Derivative financial instruments	18	**2,910**	2,546
Provisions and deferred income	19	**2,438**	2,092
		100,717	102,147
Net assets		**108,774**	108,313

In HK$ million	Note	**30 June 2014**	31 December 2013
Equity			
Share capital: nominal value	9(a)	**–**	1,460
Share premium	9(c)	**–**	36,533
Capital redemption reserve	9(c)	**–**	29
Share capital and other statutory capital reserves		**38,022**	38,022
Perpetual capital securities	8	**13,833**	13,838
Reserves		**49,884**	48,991
Proposed dividend	9(b)	**374**	912
Total ordinary shareholders' funds and perpetual capital securities		**102,113**	101,763
Non-controlling interests in equity		**6,661**	6,550
Total equity		**108,774**	108,313

Consolidated Cash Flow Statement

for the six months ended 30 June 2014 – unaudited

In HK$ million	**2014**	2013
Cash flows from operating activities		
Profit before taxation from continuing operations	**3,238**	3,216
Profit before taxation from discontinued operations	**–**	2,104
Share of results of joint ventures and associated companies	**(2,079)**	(1,760)
Net finance charges	**1,805**	1,112
Net exchange loss/(gain)	**122**	(38)
Income from other financial assets	**(8)**	(5)
Depreciation and amortisation	**1,916**	1,819
Impairment losses on trade and other receivables and property, plant and equipment	**50**	3
Reversal of impairment losses	**(8)**	(3)
Provision for gas contract	**435**	554
Share-based payment	**11**	13
Gain on disposal of property, plant and equipment	**(26)**	(1)
Change in fair value of investment properties	**(388)**	(599)
Gain on foreign exchange contracts	**–**	(6)
Net gain from disposal of other financial assets	**(30)**	–
Net gain from disposal of a subsidiary company	**(400)**	(2,055)
Net gain from disposal/deemed disposal of a joint venture	**(46)**	(362)
Operating profit before working capital changes	**4,592**	3,992
(Increase)/decrease in inventories	**(1,184)**	132
Decrease in properties held for sale	**839**	438
(Increase)/decrease in debtors, accounts receivable, deposits and prepayments	**(1,042)**	882
Decrease in creditors, accounts payable, deposits and accruals	**(225)**	(1,043)
Effect of foreign exchange rate changes	**(26)**	(15)
Cash generated from operating activities	**2,954**	4,386
Income taxes paid	**(597)**	(672)
Cash generated from operating activities after income taxes paid	**2,357**	3,714
Interest received	**305**	204
Interest paid	**(2,770)**	(2,764)
Realised exchange (loss)/gain	**(7)**	3
Other finance charges and financial instruments	**(137)**	(41)
Net cash (used in)/from consolidated activities before increase in properties under development	**(252)**	1,116
Increase in properties under development	**(1,644)**	(1,635)
Net cash used in consolidated activities	**(1,896)**	(519)

In HK$ million	**2014**	2013
Cash flows from investing activities		
Purchase of:		
Subsidiary companies (net of cash and cash equivalents acquired)	**–**	(874)
Property under development for own use	**(45)**	(167)
Property, plant and equipment	**(3,873)**	(3,762)
Leasehold land – operating leases	**(36)**	(5)
Intangible assets	**(510)**	(1,784)
Proceeds of:		
Disposal of property, plant and equipment and investment properties	**144**	139
Disposal of interests in a subsidiary company	**3,470**	773
Disposal of interests in a joint venture	**45**	–
Sales of other assets held for sale	**126**	–
(Increase)/decrease in bank deposits maturing after more than 3 months	**(3,024)**	265
Decrease in pledged deposits with banks	**4**	29
Refund of deposits received	**(546)**	(741)
Net payments for non-current deposits	**(881)**	(617)
Investment in joint ventures and associated companies	**(11)**	(773)
Net repayment in loans to joint ventures and associated companies	**585**	818
Dividend received from joint ventures and associated companies	**400**	89
Income received from other financial assets	**28**	5
Net cash used in investing activities	**(4,124)**	(6,605)
Cash flows from financing activities		
New borrowings	**22,094**	24,557
Repayment of loans	**(20,926)**	(22,815)
Distribution made to holders of perpetual capital securities	**(567)**	(230)
Decrease in non-controlling interests	**(288)**	(144)
Dividends paid to ordinary shareholders of the Company	**(912)**	(1,095)
Proceeds of issuing perpetual capital securities, net of transaction costs	**–**	7,725
Net cash (used in)/from financing activities	**(599)**	7,998
Net (decrease)/increase in cash and cash equivalents	**(6,619)**	874
Cash and cash equivalents at 1 January	**30,899**	30,610
Effect of foreign exchange rate changes	**(140)**	284
Cash and cash equivalents at 30 June	**24,140**	31,768
Analysis of the balances of cash and cash equivalents		
Cash and bank deposits	**31,331#**	33,685
Bank deposits with maturities over 3 months	**(6,732)**	(1,479)
Bank overdrafts and pledged deposits	**(459)**	(438)
	24,140	31,768

Included in cash and bank deposits, there is a bank deposit of RMB516 million (equivalent to HK$650 million) received in escrow account from CITIC Bank for disposal of the property located in Shanghai.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014 – unaudited

		Attributable to ordinary shareholders of the Company and holders of perpetual capital securities								
In HK$ million	Note	Share capital	Share premium	Capital redemption reserve	Perpetual capital securities	Other reserves	Retained profits	Total	Non-controlling Interests	Total equity
Balance at 1 January 2014		1,460	36,533	29	13,838	10,438	39,465	101,763	6,550	108,313
Profit for the period		–	–	–	562	–	2,005	2,567	399	2,966
Other comprehensive income:										
Items that will not be reclassified to profit or loss:										
Share of other comprehensive income of associated companies and joint ventures		–	–	–	–	(4)	–	(4)	–	(4)
		–	–	–	–	(4)	–	(4)	–	(4)
Items that have been reclassified or may be reclassified subsequently to profit or loss:										
Share of other comprehensive income of associated companies and joint ventures		–	–	–	–	(40)	–	(40)	–	(40)
Fair value changes from other financial assets		–	–	–	–	158	–	158	–	158
Exchange translation differences		–	–	–	–	(604)	–	(604)	(62)	(666)
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts		–	–	–	–	(228)	–	(228)	–	(228)
Reserve released on disposal of an interest in a joint venture		–	–	–	–	(22)	–	(22)	–	(22)
		–	–	–	–	(736)	–	(736)	(62)	(798)
Other comprehensive income for the period, net of tax		–	–	–	–	(740)	–	(740)	(62)	(802)
Total comprehensive income for the period		–	–	–	562	(740)	2,005	1,827	337	2,164
Transactions with owners										
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(211)	(211)
Dividends paid to ordinary shareholders of the Company		–	–	–	–	–	(912)	(912)	–	(912)
Distribution to holders of perpetual capital securities		–	–	–	(567)	–	–	(567)	–	(567)
Share-based payment of a subsidiary company		–	–	–	–	6	–	6	5	11
Acquisition of interests from non-controlling interests		–	–	–	–	(4)	–	(4)	(20)	(24)
Reserve released upon lapse of share options		–	–	–	–	(1)	1	–	–	–
Net transfer to profits from general and other reserves		–	–	–	–	(18)	18	–	–	–
Transition to no-par value regime on 3 March 2014	9(a)	36,562	(36,533)	(29)	–	–	–	–	–	–
		36,562	(36,533)	(29)	(567)	(17)	(893)	(1,477)	(226)	(1,703)
Balance at 30 June 2014		38,022	–	–	13,833	9,681	40,577	102,113	6,661	108,774

In HK$ million	Share capital	Share premium	Capital redemption reserve	Perpetual capital securities	Other reserves	Retained profits	Total	Non-controlling Interests	Total equity
	Attributable to ordinary shareholders of the Company and holders of perpetual capital securities								
Balance at 1 January 2013	1,460	36,533	29	5,953	6,144	34,559	84,678	7,188	91,866
Profit for the period	–	–	–	304	–	4,463	4,767	285	5,052
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Surplus on revaluation of properties transferred from self-use properties to investment properties	–	–	–	–	123	–	123	7	130
Reserves released on disposal of interest in a subsidiary company	–	–	–	–	997	(997)	–	–	–
	–	–	–	–	1,120	(997)	123	7	130
Items that have been reclassified or may be reclassified subsequently to profit or loss:									
Share of other comprehensive income of associated companies and joint ventures	–	–	–	–	34	–	34	2	36
Fair value changes from other financial assets	–	–	–	–	(73)	–	(73)	–	(73)
Exchange translation differences	–	–	–	–	1,019	–	1,019	(7)	1,012
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts	–	–	–	–	1,291	–	1,291	–	1,291
Reserve released on deemed disposal of an interest in a joint venture	–	–	–	–	(206)	–	(206)	–	(206)
Reserve released on disposal of interest in a subsidiary company	–	–	–	–	(9)	–	(9)	–	(9)
	–	–	–	–	2,056	–	2,056	(5)	2,051
Other comprehensive income for the period, net of tax	–	–	–	–	3,176	(997)	2,179	2	2,181
Total comprehensive income for the period	–	–	–	304	3,176	3,466	6,946	287	7,233
Transactions with owners									
Disposal of an interest in a subsidiary company	–	–	–	–	–	–	–	(970)	(970)
Issue of perpetual capital securities	–	–	–	7,800	–	–	7,800	–	7,800
Capital injected by non-controlling interests	–	–	–	–	–	–	–	6	6
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(141)	(141)
Dividends paid to ordinary shareholders of the Company	–	–	–	–	–	(1,095)	(1,095)	–	(1,095)
Distribution to holders of perpetual capital securities	–	–	–	(230)	–	–	(230)	–	(230)
Share-based payment of a subsidiary company	–	–	–	–	7	–	7	6	13
Transaction costs related to issue of perpetual capital securities	–	–	–	–	–	(75)	(75)	–	(75)
Acquisition of interests from non-controlling interests	–	–	–	–	(10)	–	(10)	(9)	(19)
Acquisition of interests in a subsidiary company	–	–	–	–	–	–	–	12	12
Net transfer to profits from general and other reserves	–	–	–	–	(23)	23	–	–	–
	–	–	–	7,570	(26)	(1,147)	6,397	(1,096)	5,301
Balance at 30 June 2013	1,460	36,533	29	13,827	9,294	36,878	98,021	6,379	104,400

Notes to the Financial Statements

1 General information and significant accounting policies

(a) General information

Pursuant to the special resolution of the Company passed by the shareholders on 3 June 2014, subsequent to the completion of the Company's acquisition of CITIC Corporation Limited (formerly known as CITIC Limited)(see note 23) and the issue of the Certificate of Change of Name by the Registrar of Companies on 26 August 2014, the name of the Company has been changed from CITIC Pacific Limited to CITIC Limited with effect from 26 August 2014.

(b) Significant accounting policies

These condensed unaudited consolidated interim accounts ("the Accounts") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Listing Rules of the Stock Exchange of Hong Kong Limited.

The accounting policies used in preparation of the Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2013 other than the following amendments which became effective in 2014 are relevant to the Group:

Standard No.	Title
HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – Novation of derivatives and continuation of hedge accounting

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

2 Critical accounting estimates and judgments

The accounting estimates and judgements required to make in preparation of the Accounts are consistent with those set out in the annual accounts for the year ended 31 December 2013 except for the following:

(i) Metallurgical Corporation of China ("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. 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 responsible for delivering MCC's obligations under the contract.

As at the date of this report MCC has not claimed any additional costs from the Company 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.

2 Critical accounting estimates and judgments (continued)

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.

No amounts have been recognised as either receivable from or payable to MCC or its subsidiaries in the financial statements, pending the completion of the contract and settlement of any potential outstanding claims by either party. As set out in the announcement of the Company dated 24 December 2013 (the "Announcement"), 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, and 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, Sino Iron and MCC WA expect to enter into further negotiations on the project settlement accounts to determine the amount of liabilities to be borne between the parties. If these negotiations result in additional contracted amounts being agreed, this may impact on the carrying value of the project.

(ii) Sino Iron Pty Ltd ("Sino Iron") and Korean Steel Pty Ltd ("Korean Steel"), subsidiary companies of the Company, are party to Mining Right and Site Lease Agreements with Mineralogy Pty Ltd ("Mineralogy"). Those agreements provide their right to construct the Sino Iron Project and take two billion tonnes of magnetite ore.

The Company is also a party to an Option Agreement with Mineralogy, pursuant to which the Company 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. After the Company exercises an option, Mineralogy has an obligation under the Option Agreement to nominate a company having the right to extract the one billion tonnes under a Mining Right and Site Lease Agreement that is acceptable to the Company. Mineralogy nominated three companies, and subsequently withdrew two of those nominations.

The Company was of the view that none of the nominated companies satisfied the requirements of the Option Agreement. Mineralogy then alleged that the Option Agreement had been repudiated by the Company, that it accepted that repudiation and that the Option Agreement was at an end.

2 Critical accounting estimates and judgments (continued)

The Company (and its affected subsidiaries) have commenced proceedings in the Supreme Court of Western Australia seeking declarations that, among other things, the Option Agreement has not been repudiated, the purported termination by Mineralogy was invalid and the Option Agreement remains in full force and effect. In May 2014, Mineralogy obtained leave to file an amended Statement of Claim which conceded that the Company did not repudiate the Option Agreement. The remaining issue Mineralogy seeks to have resolved in the proceeding is whether the option notice given by CITIC in April 2012 satisfied the requirements in the Option Agreement to exercise the option or, as Mineralogy contends, the Company was required to complete the acquisition of a company by April 2012.

The Mining Right and Site Lease Agreements provide that Sino Iron and Korean Steel must pay 'Royalty Component B' to Mineralogy, which is to be calculated by reference to certain iron ore price benchmarks. Those benchmarks no longer exist, and the Company's position is that this means that Royalty Component B is no longer able to be calculated using the formula in those Agreements. Mineralogy initially denied that this was the case, and pursued proceedings in the Supreme Court of Western Australia seeking declarations concerning the calculation of Royalty Component B (among other things). Mineralogy then changed its position, accepted that Royalty Component B cannot be calculated and amended its pleadings to allege that the Mining Right and Site Lease Agreements have terminated due to the legal doctrine of frustration.

In April 2014, Mineralogy changed its position a further time, returning to its original contention that Royalty Component B can be calculated. It sought orders that Sino Iron and Korean Steel pay a minimum production royalty (including the Royalty Component B component of this claim). However, before being granted leave by the court to proceed with its claim on this basis, in June 2014 Mineralogy again altered its position. It has now withdrawn its claim for the minimum production royalty and it is attempting to compel the Company to join with it to refer the Q1, 2014 Mineralogy Royalty payment, which Mineralogy disputes, to Expert Determination. The latest statement of claim seeks orders to require the Company subsidiaries to participate in the Expert Determination process and also raises claims in connection with various obligations to provide information in the Mining Right and Site Lease Agreements. The Company subsidiaries maintain that the dispute is not appropriate for Expert Determination as Royalty Component B cannot be calculated, and the Company subsidiaries have complied with any information requests that have been validly made.

The Company (and its affected subsidiaries) say that the provisions concerning Royalty Component B can be severed from the remainder of the Mining Right and Site Lease Agreements (which otherwise remain in force according to their terms). If Royalty Component B cannot be severed, then, in addition to other arguments, the Company contends that the parties to the Mining Right and Site Lease Agreements must negotiate a Royalty Component B formula in good faith, or alternatively, Sino Iron and Korean Steel must pay a fair and reasonable royalty to Mineralogy, such royalty to be determined by the court having regard to all relevant circumstances.

2 Critical accounting estimates and judgments (continued)

The Company's subsidiaries have developed port infrastructure at Cape Preston to be used to export product from the Sino Iron Project. Mineralogy has commenced legal proceedings in the Federal Court of Australia seeking declarations that the port infrastructure has vested in it and that it is entitled to possession, control and ownership of that infrastructure. Mineralogy also seeks orders restraining the Company and its affected subsidiaries from obstructing it from exercising its rights or occupying the port to the exclusion of Mineralogy. The Company and its affected subsidiaries deny that Mineralogy is entitled to such declarations.

On 20 August 2014, the Full Court, Federal Court of Australia allowed the appeal brought by subsidiaries of the Company. The appeal overturned the Federal Court decision to refuse to set aside Mineralogy's designation as port operator for security purposes at the Port of Cape Preston.

On 20 August 2014, the Federal Court of Australia dismissed Mineralogy's application in relation to the decision by the Commonwealth Secretary for the Department of Infrastructure and Regional Development ("Secretary") in November 2013 to approve a Company subsidiary's Maritime Security Plan ("MSP") for a Port Facility Operator.

In late May 2014, Mineralogy made an application to the Administrative Appeals Tribunal to review the decision of the Secretary to refuse approval of Mineralogy's MSP for a Port Facility Operator. Given the outcome of the Federal Court proceedings and the Full Court appeal referred to above, Mineralogy will not be able to continue this proceeding.

As many of the issues in dispute between the parties overlap, the timing and order in which the individual matters will be heard is still to be determined.

The Company intends to contest vigorously all claims brought by Mineralogy. There have been no entries made to the financial statements in relation to these matters.

3 Segment information

(a) Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities

In HK$ million	Six months ended 30 June 2014											
			Property									
	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Change in fair value of investment properties	Group total
Revenue	21,848	475	1,743	103	10	412	22,094	–	–	–	–	46,685
Profit/(loss) from consolidated activities	1,420	(544)	412	484	(11)	283	797	–	40	(305)	388	2,964
Share of results of joint ventures	(12)	–	62	–	928	140	–	160	150	–	–	1,428
Share of results of associated companies	23	–	–	268	–	–	8	–	8	–	344	651
Finance income	24	–	103	–	9	3	9	–	–	179	–	327
Finance charges (Note)	(393)	(930)	(82)	–	–	–	(131)	–	–	(596)	–	(2,132)
Group total	1,062	(1,474)	495	752	926	426	683	160	198	(722)	732	3,238
Segment allocations *	(4)	–	4	81	–	–	(81)	–	–	–	–	–
Segment profit/(loss)	1,058	(1,474)	499	833	926	426	602	160	198	(722)	732	3,238
Taxation	(214)	407	(141)	(21)	(52)	(47)	(124)	–	(3)	(8)	(69)	(272)
Profit/(loss) for the period	844	(1,067)	358	812	874	379	478	160	195	(730)	663	2,966
Attributable to:												
Ordinary shareholders of the Company	773	(1,067)	345	812	874	309	236	160	195	(1,292)	660	2,005
Holders of perpetual capital securities	–	–	–	–	–	–	–	–	–	562	–	562
Non-controlling interests	71	–	13	–	–	70	242	–	–	–	3	399
	844	(1,067)	358	812	874	379	478	160	195	(730)	663	2,966

The following table set out information about the Group's depreciation, amortisation and impairment loss by reportable segment:

	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Change in fair value of investment properties	Group total
Depreciation	1,301	107	107	15	1	2	260	–	–	3	–	1,796
Amortisation of leasehold land-operating lease	18	–	6	3	–	–	5	–	–	–	–	32
Amortisation of intangible assets	–	1	–	–	–	62	25	–	–	–	–	88
Impairment losses	50	–	–	–	–	–	–	–	–	–	-	50

Note: Finance charges included inter-company interest charged by Corporate.

* Segment allocations arising from property leases between segments are based on arms' length rentals.

3 Segment information (continued)

(a) Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities (continued)

	Six months ended 30 June 2013													
			Property											
In HK$ million	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Change in fair value of investment properties	Continuing operations total	Discontinued operations: CITIC Telecom	Group total
Revenue	20,471	130	1,138	147	7	405	18,936	–	57	–	–	41,291	523	41,814
Profit/(loss) from consolidated activities	1,407	(869)	300	122	19	279	706	–	9	21	599	2,593	2,071	4,664
Share of results of joint ventures	128	–	(9)	–	903	131	9	312	94	–	14	1,582	–	1,582
Share of results of associated companies	38	–	–	13	–	–	5	–	6	–	83	145	33	178
Finance income	19	1	99	–	12	1	10	–	–	116	–	258	–	258
Finance charges (Note)	(463)	(608)	(33)	–	(1)	–	(108)	–	(1)	(148)	–	(1,362)	–	(1,362)
Group total	1,129	(1,476)	357	135	933	411	622	312	108	(11)	696	3,216	2,104	5,320
Segment allocations *	(4)	(1)	5	81	–	–	(81)	–	–	–	–	–	–	–
Segment profit/(loss)	1,125	(1,477)	362	216	933	411	541	312	108	(11)	696	3,216	2,104	5,320
Taxation	(99)	423	(177)	(17)	(61)	(46)	(157)	–	12	(61)	(83)	(266)	(2)	(268)
Profit/(loss) for the period	1,026	(1,054)	185	199	872	365	384	312	120	(72)	613	2,950	2,102	5,052
Attributable to:														
Ordinary shareholders of the Company	967	(1,054)	218	199	872	297	217	312	120	(376)	608	2,380	2,083	4,463
Holders of perpetual capital securities	–	–	–	–	–	–	–	–	–	304	–	304	–	304
Non-controlling interests	59	–	(33)	–	–	68	167	–	–	–	5	266	19	285
	1,026	(1,054)	185	199	872	365	384	312	120	(72)	613	2,950	2,102	5,052

The following table set out information about the Group's depreciation, amortisation and impairment loss by reportable segment:

	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Change in fair value of investment properties	Continuing operations total	Discontinued operations: CITIC Telecom	Group total
Depreciation	1,206	102	101	7	–	2	248	–	–	3	–	1,669	25	1,694
Amortization of leasehold land- operating lease	17	–	8	11	–	–	5	–	–	–	–	41	–	41
Amortisation of intangible assets	–	2	–	–	–	60	22	–	–	–	–	84	–	84
Impairment losses	1	–	–	–	–	–	2	–	–	–	–	3	-	3

Note: Finance charges included inter-company interest charged by Corporate.

* Segment allocations arising from property leases between segments are based on arms' length rentals.

3 Segment information (continued)

(a) Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities (continued)

An analysis of the Group's revenue by geographical area is as follows:

In HK$ million	Six months ended 30 June **2014**	2013
By geographical area		
Mainland China	**35,450**	31,402
Hong Kong	**5,779**	5,495
Other countries	**5,456**	4,394
	46,685	41,291

(b) Assets and liabilities

An analysis of the Group's segment assets and liabilities by operating segment is as follows:

	As at 30 June 2014										
			Property								
In HK$ million	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Segment assets/ (liabilities) total
Segment assets#	58,253	93,276	40,111	6,939	3,592	926	20,984	–	477	13,931	238,489
Investments in joint ventures	293	–	5,215	–	6,943	1,176	416	3,945	3,573	–	21,561
Investments in associated companies	430	–	–	7,565	–	–	296	–	29	–	8,320
Total assets	58,976	93,276	45,326	14,504	10,535	2,102	21,696	3,945	4,079	13,931	268,370
Segment liabilities#											
– others	(12,670)	(5,719)	(11,134)	(277)	(504)	(130)	(4,732)	–	(28)	(2,665)	(37,859)
– external borrowings	(13,643)	(29,513)	(792)	–	–	–	(7,382)	–	–	(70,407)	(121,737)
Total net assets	32,663	58,044	33,400	14,227	10,031	1,972	9,582	3,945	4,051	(59,141)	108,774
Additions of non-current assets* (other than financial instruments and deferred tax assets)	1,248	4,559	1,265	60	-	-	532	-	-	2	7,666

Corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the group treasury function and are not allocated to individually reportable segments.

* Non-current assets are amounts expected to be recovered more than twelve months after the period end.

\# Segment assets and segment liabilities are presented with intercompany balances eliminated.

3 Segment information (continued)

(b) Assets and liabilities (continued)

An analysis of the Group's segment assets and liabilities by operating segment is as follows: (continued)

	As at 31 December 2013										
			Property								
In HK$ million	Special Steel	Iron Ore	Mainland China	Hong Kong	Energy	Tunnels	Dah Chong Hong	CITIC Telecom	Other investments	Corporate	Segment assets/ (liabilities) total
Segment assets#	57,709	88,134	40,328	10,116	2,304	923	20,977	–	280	16,693	237,464
Investments in joint ventures	308	–	5,798	–	7,480	1,260	426	3,893	3,482	–	22,647
Investments in associated companies	412	–	–	7,002	–	–	224	–	30	–	7,668
Total assets	58,429	88,134	46,126	17,118	9,784	2,183	21,627	3,893	3,792	16,693	267,779
Segment liabilities#											
– others	(13,465)	(5,249)	(11,422)	(702)	(484)	(123)	(4,830)	–	(26)	(2,435)	(38,736)
– external borrowings	(13,346)	(30,379)	(776)	–	–	–	(7,424)	–	–	(68,805)	(120,730)
Total net assets	31,618	52,506	33,928	16,416	9,300	2,060	9,373	3,893	3,766	(54,547)	108,313
Additions of non-current assets* (other than financial instruments and deferred tax assets)	2,773	9,142	3,418	143	1	–	1,178	–	–	9	16,664

Corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the group treasury function and are not allocated to individually reportable segments.

* Non-current assets are amounts expected to be recovered more than twelve months after the period end.

\# Segment assets and segment liabilities are presented with intercompany balances eliminated.

4 Other income and net gains

In HK$ million	Six months ended 30 June 2014	2013
Other income		
Commission income, subsidy income, rebates and others	**401**	431
Dividend income from other financial assets		
Listed shares	**8**	5
	409	436
Net gains		
Net exchange (loss)/gain	**(122)**	38
Net gain from disposal of a subsidiary company	**400**	–
Net gain from disposal/deemed disposal of a joint venture	**46**	362
Net gain from other financial assets	**30**	–
Others	**7**	16
	361	416
	770	852

5 Profit from consolidated activities

In HK$ million	Six months ended 30 June 2014	2013
The profit from consolidated activities is arrived at after charging:		
Continuing operations		
Cost of inventories/properties sold	**35,765**	32,282
Depreciation and amortisation	**1,916**	1,794
Write-down of inventories	**163**	81
Reversal of write-down of inventories	**(190)**	(153)
Impairment losses on trade and other receivables	**12**	2
Impairment losses on property, plant and equipment	**38**	1
Discontinued operations		
Depreciation and amortisation	**–**	25

6 Net finance charges

In HK$ million	Six months ended 30 June 2014	2013
Finance charges		
Interest expense	**2,887**	2,813
Amount capitalised	**(840)**	(1,395)
	2,047	1,418
Other finance charges	**109**	76
Other financial instruments		
Fair value gain	**(37)**	(2)
Ineffectiveness on cash flow hedges	**13**	(130)
	2,132	1,362
Finance income		
Interest income	**(327)**	(258)
	1,805	1,104

7 Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (Six months ended 30 June 2013: 16.5%) on the estimated assessable profit for the period. Tax outside Hong Kong is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations. Details are as follows:

In HK$ million	Six months ended 30 June 2014	2013
Continuing operations		
Current taxation		
Hong Kong profits tax	**138**	115
Tax outside Hong Kong	**547**	438
Deferred taxation		
Changes in fair value of investment properties	**68**	85
Origination and reversal of other temporary differences	**(481)**	(372)
	272	266
Discontinued operations		
Current taxation		
Hong Kong profits tax	**–**	4
Deferred taxation		
Origination and reversal of other temporary differences	**–**	(2)
	–	2

8 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 for cash. These securities are perpetual and the distribution payments can be deferred at the discretion of the Company. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. The amounts as at 30 June 2014 and 31 December 2013 included the accrued distribution payments.

9 Capital and dividends

(a) Share capital

As at 31 December 2013, 6,000,000,000 ordinary shares, with par value of HK$0.4 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amounts standing to the credit of the share premium account and the capital redemption reserve on 3 March 2014 have become part of the company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

As at 30 June 2014, the Company had 3,649,444,160 ordinary shares in issue. Pursuant to the completion of the acquisition as disclosed in note 23, 21,253,879,470 new ordinary shares were issued on 25 August 2014. As at the date of this interim report, the Company in total had 24,903,323,630 issued ordinary shares.

Movement of the Group's share capital is set out in the consolidated statement of changes in equity.

(b) Dividends

	Six months ended 30 June	
In HK$ million	**2014**	2013
2013 Final dividend paid: HK$0.25 (2012: HK$0.30) per share	**912**	1,095
2014 Interim dividend proposed: HK$0.015 (2013: HK$0.10) per share (Note)	**374**	365

Note: The amount of 2014 proposed interim dividend is based on the 24,903,323,630 (2013: 3,649,444,160) ordinary shares in issue as at the date of this interim report.

(c) Share premium and capital redemption reserves

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve was governed by sections 48B and 49H respectively of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the company's share capital (see note 9(a)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

10 Earnings per share

The calculation of earnings per share is based on the consolidated profit attributable to ordinary shareholders of HK$2,005 million (six months ended 30 June 2013: HK$4,463 million). The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary shareholders of the Company adjusted for the effect of the conversion of dilutive potential ordinary shares of subsidiary companies, which the effect is not material to the Group.

The basic earnings per share is based on the number of 3,649,444,160 shares in issue during the period (six months ended 30 June 2013: 3,649,444,160 shares in issue). The diluted earnings per share for 2014 is the same as the basic earnings per share as it is deemed that no potential additional ordinary shares would be issued at no consideration from the exercise of options because the exercise price was above the average market price of the Company's shares for the period ended 30 June 2014.

11 Non-current deposits and prepayments

Non-current deposits represent deposits made for acquisition of land located in the People's Republic of China ("PRC"), construction of property, plant and equipment mainly in relation to the new phases of the Group's steel plants; and the gas prepayment for the Australian iron ore mining project.

12 Other assets held for sale

As at 30 June 2014, certain properties mainly located in PRC were classified as other assets held for sale.

As at 31 December 2013, interests in a joint venture, certain properties mainly located in PRC and Hong Kong and a subsidiary company which owned a property in Hong Kong were classified as other assets held for sale.

13 Debtors, accounts receivable, deposits and prepayments

In HK$ million	**30 June 2014**	31 December 2013
Trade debtors and bills receivable aged:		
Within 1 year	**7,503**	7,059
Over 1 year	**86**	69
	7,589	7,128
Accounts receivable, deposits and prepayments	**10,175**	8,526
	17,764	15,654

Note:

(i) Trade debtors are net of provisions and the ageing is classified based on invoice date.

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

(iii) The carrying amounts of debtors, accounts receivable, deposits and prepayments approximate their fair values.

(iv) Accounts receivable, deposits and prepayments include amounts due from joint ventures of HK$1 million (31 December 2013: HK$Nil), dividend receivable from joint ventures of HK$3,224 million (31 December 2013: HK$1,899 million), and amounts due from associated companies of HK$3 million (31 December 2013: HK$47 million), which are unsecured, interest free and recoverable on demand.

13 Debtors, accounts receivable, deposits and prepayments (continued)

As of 30 June 2014, trade debtors of HK$378 million (31 December 2013: HK$469 million) were past due but not impaired. These relate to a number of independent customers which have no recent history of default. The ageing analysis of these trade debtors is as follows:

In HK$ million	**30 June 2014**	31 December 2013
Less than 3 months	**191**	324
3 to 6 months	**91**	67
Over 6 months	**96**	78
	378	469

Movements in the provision for impairment of trade debtors are as follows:

In HK$ million	**Six months ended 30 June 2014**	Year ended 31 December 2013
At beginning of period/year	**101**	99
Exchange adjustments	**(1)**	–
Acquisition of interest in subsidiary companies	**–**	1
Provision for impairment loss during the period/year	**2**	15
Receivables written off during the period/year	**–**	(7)
Provision written back during the period/year	**(2)**	(7)
At the end of period/year	**100**	101

At 30 June 2014, there were certain trade debtors at a carrying amount of HK$100 million (31 December 2013: HK$101 million) which were in financial difficulties and individually determined to be impaired. Consequently, provision for such amount was recognised at balance sheet date.

14 Creditors, accounts payable, deposits and accruals

In HK$ million	**30 June 2014**	31 December 2013
Trade creditors and bills payable aged:		
Within 1 year	**10,964**	10,905
Over 1 year	**247**	302
	11,211	11,207
Accounts payable, deposits and accruals	**15,506**	17,510
	26,717	28,717

Note: The carrying amounts of creditors, accounts payable, deposits and accruals approximate their fair values.

15 Borrowings

(a)

In HK$ million	30 June 2014	31 December 2013
Short term borrowings		
Bank loans		
unsecured	11,019	13,261
secured	387	400
	11,406	13,661
Other loans		
unsecured	1,366	267
secured	347	149
Current portion of long term borrowings	17,242	13,062
Total short term borrowings	30,361	27,139
Long term borrowings		
Bank loans		
unsecured	65,446	65,207
secured	12,026	12,464
	77,472	77,671
Other loans		
unsecured	31,146	28,982
Less: current portion of long term borrowings	(17,242)	(13,062)
Total long term borrowings	91,376	93,591
Total borrowings	121,737	120,730
Analysed into:		
unsecured	108,977	107,717
secured	12,760	13,013
	121,737	120,730

15 Borrowings (continued)

(a) (continued)

Note:

(i) On 26 October 2005, CITIC Pacific Finance (2005) Limited, a wholly owned subsidiary of the Company, issued and sold JPY8.1 billion in aggregate principal amount of guaranteed floating rate notes due 2035 ("JPY Notes") to investors for general corporate purposes pursuant to the subscription agreement dated 26 October 2005. Each noteholder will have the right at such noteholder's option to require the issuer to redeem all of such noteholder's JPY Notes on 28 October 2015 at 81.29% of the principal amount of such JPY Notes. All of the JPY Notes remained outstanding at 30 June 2014.

(ii) On 16 August 2010, the Company issued and sold a total of USD150 million principal amount of 6.9% notes due 2022 ("USD Notes 1"), to an investor pursuant to the purchase agreement dated 11 August 2010. All of the USD Notes 1 remained outstanding at 30 June 2014.

(iii) On 15 April 2011 and 23 June 2014, the Company issued and sold a total of US$500 million and US$250 million principal amount of 6.625% notes due 2021 ("USD Notes 2") to investors under the USD4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreement dated 8 April 2011 and 13 June 2014 respectively. All of the USD Notes 2 remained outstanding as at 30 June 2014.

(iv) On 3 August 2011, the Company issued and sold a total of RMB1 billion principal amount of 2.7% notes due 2016 ("RMB Notes 1") to investors under the USD4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreement dated 27 July 2011. All of the RMB Notes 1 remained outstanding at 30 June 2014.

(v) On 21 March and 26 April 2012, the Company issued and sold a total of US$750 million and US$350 million principal amounts of 6.875% notes due 2018 ("USD Notes 3") to investors under the US$4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreements dated 12 March 2012 and 17 April 2012 respectively. All of the USD Notes 3 remained outstanding at 30 June 2014.

(vi) On 20 June 2012, Hubei Xin Yegang Steel Co., Ltd., a wholly owned subsidiary of the Company, issued and sold a total of RMB500 million principal amount of 5.23% medium term notes due 2017 ("RMB Notes 2") to investors. All of the RMB Notes 2 remained outstanding at 30 June 2014.

(vii) On 17 October and 11 December 2012, the Company issued and sold a total of US$750 million and US$250 million principal amount of 6.8% notes due 2023 ("USD Notes 4") to investors under the USD4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreement dated 8 October and 4 December 2012 respectively. All of the USD Notes 4 remained outstanding at 30 June 2014.

(viii) On 27 November 2012, Jiangyin Xingcheng Special Steel Works Co., Ltd., a wholly owned subsidiary of the Company, issued and sold a total of RMB200 million principal amount of 6.06% medium term notes due 2017 ("RMB Notes 3") to investors. All of the RMB Notes 3 remained outstanding at 30 June 2014.

(ix) On 10 April 2013, the Company issued and sold a total of US$500 million principal amount of 6.375% notes due 2020 ("USD Notes 5") to investors under the US$4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreement dated 27 March 2013. All of the USD Notes 5 remained outstanding at 30 June 2014.

(x) On 5 June 2013, Jiangyin Xingcheng Special Steel Works Co., Ltd., a wholly owned subsidiary of the Company, issued and sold a total of RMB500 million principal amount of 4.93% medium term notes due 2016 ("RMB Notes 4") to investors. All of the RMB Notes 4 remained outstanding at 30 June 2014.

(xi) On 31 July 2013, the Company issued and sold HK$500 million principal amount of 5.9% notes due 2018 ("HKD Notes") to an investor under the US$4.5 billion medium term note programme established on 6 April 2011 and supplemented on 25 September 2012 pursuant to the subscription agreements dated 29 July 2013. All of the HKD Notes remained outstanding at 30 June 2014.

(xii) On 10 September 2013, Jiangyin Xingcheng Special Steel Works Co., Ltd., a wholly owned subsidiary of the Company, issued and sold a total of RMB200 million principal amount of 5.99% short term commercial paper due 2014 ("RMB Commercial Paper") to investors. All of the RMB Commercial Paper remained outstanding at 30 June 2014.

(xiii) Bank loans and other loans, other than the JPY Notes, are fully repayable on or before 2032 and bear interest mainly at the prevailing market rates.

(xiv) As at 30 June 2014, certain of the Group's inventories and deposits with an aggregate carrying value of HK$0.9 billion (31 December 2013: HK$0.8 billion) were pledged to secure loans and banking facilities granted to certain subsidiary companies of the Group. In addition, assets of HK$74.4 billion (31 December 2013: HK$70.4 billion) of the iron ore project were pledged under project finance arrangement. This amount included cash and bank balances of HK$0.5 billion (31 December 2013: HK$0.5 billion). 12 completed ships with carrying value of HK$5.1 billion (31 December 2013: HK$5.2 billion) to transport iron ore were also pledged as security for the ships financing. The aggregate values of assets pledged for various facilities amounted to approximately HK$80.4 billion (31 December 2013: HK$76.4 billion).

(xv) Bank loans of the Group not wholly repayable within five years amounted to HK$37.0 billion (31 December 2013: HK$37.9 billion). Other loans of the Group not wholly repayable within five years amounted to HK$18.7 billion (31 December 2013: HK$16.8 billion).

15 Borrowings (continued)

(b) The maturity of the long term borrowings is as follows:

In HK$ million	30 June 2014	31 December 2013
Bank loans are repayable		
in the first year	17,242	13,062
in the second year	17,571	22,030
in the third to fifth years inclusive	16,319	15,184
after the fifth year	26,340	27,395
	77,472	77,671
Other loans are repayable		
in the second year	1,133	483
in the third to fifth years inclusive	11,172	11,820
after the fifth year	18,841	16,679
	31,146	28,982
	108,618	106,653

(c) The exposure of the Group's total borrowings to interest-rate changes is as follows:

In HK$ million	30 June 2014	31 December 2013
Total borrowings	121,737	120,730
Borrowing at fixed rates for more than one year (from balance sheet date)	(30,722)	(28,587)
Interest rate swaps converting floating to fixed	(25,887)	(24,871)
Borrowings subject to interest-rate changes	65,128	67,272

The effective interest rate per annum on the Group's borrowings after considering the impact of interest rate swaps (converting floating to fixed rates of interest) was as follows:

	30 June 2014	31 December 2013
Total borrowings	4.5%	4.5%

(d) The fair value of borrowings is HK$123,358 million (31 December 2013: HK$118,252 million). The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments. These fair values, as compared to the carrying values, would have reflected an unrealised gain of HK$1,621 million (31 December 2013: HK$2,478 million). This unrealised gain has not been recorded in the financial statements as the borrowings were not held for trading purposes, and accordingly have been accounted for at amortised cost.

15 Borrowings (continued)

(e) The carrying amounts of the total borrowings are denominated in the following currencies:

In HK$ million	**30 June 2014**	31 December 2013
Hong Kong dollar	**19,309**	20,577
US dollar	**87,044**	83,223
Renminbi	**14,116**	15,677
Other currencies	**1,268**	1,253
	121,737	120,730

The Group has the following undrawn borrowing facilities:

In HK$ million	**30 June 2014**	31 December 2013
Floating rate		
expiring within one year	**9,877**	10,196
expiring beyond one year	**13,791**	10,632
	23,668	20,828

16 Financial risk management and fair value estimation

Financial risk factors

The Group is exposed to a variety of financial risks and manages them through a combination of financial instruments.

An Asset and Liability Management Committee ("ALCO") was set up by the board in October 2008 to oversee and monitor the exposures of the Group and it meets on a monthly basis.

Financial risk management is centralised at head office but execution and monitoring of specific risks and raising finance may be delegated to business units.

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(a) Exposure to interest rate fluctuations

The Group aims to maintain a suitable mixture of fixed rate and floating rate borrowings in order to stabilise interest costs over time despite rate movements. The Group uses interest rate swaps and other instruments to modify the interest rate characteristics of its borrowings. As at 30 June 2014, HK$56.6 billion (31 December 2013: HK$53.5 billion) of the Group's total borrowings were effectively paying fixed rate and the remaining were effectively paying a floating rate of interest. In addition, HK$200 million forward starting swaps was outstanding that had not become effective as of 30 June 2014 (31 December 2013: HK$1.2 billion).

At 30 June 2014, if interest rates had been 0.5% higher/lower, with all other variables held constant, the hypothetical impact is summarised as follows:

	0.5% higher		**0.5% lower**	
In HK$ million	**Hypothetical impact on profit/ (loss) before tax**	**Hypothetical impact on equity increase/ (decrease)**	**Hypothetical impact on profit/ (loss) before tax**	**Hypothetical impact on equity increase/ (decrease)**
Bank borrowings (Note)	**(301)**	**–**	**301**	**–**
Cash and bank deposits	**122**	**–**	**(122)**	**–**
Derivatives	**53**	**608**	**(52)**	**(622)**

At 31 December 2013, if interest rates had been 0.5% higher/lower, with all other variables held constant, the hypothetical impact is summarised as follows:

	0.5% higher		0.5% lower	
In HK$ million	Hypothetical impact on profit/ (loss) before tax	Hypothetical impact on equity increase/ (decrease)	Hypothetical impact on profit/ (loss) before tax	Hypothetical impact on equity increase/ (decrease)
Bank borrowings	(276)	–	276	–
Cash and bank deposits	157	–	(157)	–
Derivatives	61	618	(69)	(630)

Note: The hypothetical impact of bank borrowings has considered the financial impact of capitalisation of interest.

The Group holds AUD/USD plain vanilla forward contracts with an aggregate notional amount of AUD202 million outstanding at 30 June 2014 (31 December 2013: AUD239 million). These derivatives qualify and are accounted for as hedges against movements in the AUD/USD spot exchange rate. Therefore changes in the fair value of the derivatives as a result of movements in the AUD/USD spot exchange rate are recognised in the hedging reserve whilst the residual changes in fair value of these derivatives largely reflecting movements in the differential between Australian and US interest rates are recorded in the profit and loss.

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(b) Exposure to foreign currency fluctuations

CITIC is based in Hong Kong and has determined that its functional currency is the Hong Kong Dollar. CITIC conducts its business mainly in Hong Kong, mainland China and Australia. Therefore it is subject to the risk of changes in the foreign exchange rates of the US Dollar, Renminbi and Australian Dollar and to a lesser extent, Japanese Yen and Euro. To minimise currency exposure, non-HK Dollar assets are usually financed by borrowings in the same currency as the asset or cash flow from it. Achieving this objective is not always possible due to limitations in financial markets and regulatory constraints, particularly on investment into mainland China as the Renminbi is currently not a freely convertible currency. In addition, regulations in mainland China require 'registered capital', which usually accounts for at least one third of the total investment amount for projects in mainland China to be paid in foreign currency.

The future revenue from the Group's Australian iron ore mining project is denominated in USD and this is its functional currency for accounting purposes. A substantial portion of its development and operating expenditure are denominated in Australian Dollars. As of 30 June 2014 the plain vanilla forward contracts had a notional amount of AUD202 million (2013: AUD239 million).

CITIC has funded the iron ore mining project and the acquisition of bulk cargo vessels by USD loans to match the future cash flow of these assets. The Company's investments in the iron ore mining project and bulk cargo vessels (whose functional currency is in USD) have been designated as an accounting hedge against other USD loans at the corporate level. Cross currency swaps were employed to minimise currency exposure for JPY Notes and Dah Chong Hong's AUD loan.

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(b) Exposure to foreign currency fluctuations (continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date, and that all other variables, in particular interest rates, remain constant.

	30 June 2014					
In HK$ million	Hypothetical increase in foreign exchange rates	Effect on profit/(loss) before tax	Effect on equity increase/ (decrease)	Hypothetical decrease in foreign exchange rates	Effect on profit/(loss) before tax	Effect on equity increase/ (decrease)
USD	1%	(51)	(458)	1%	51	458
RMB	2%	169	–	2%	(169)	–
AUD	15%	–	220	15%	–	(220)
YEN	10%	(64)	–	10%	64	–
Pound Sterling	10%	(8)	–	10%	8	–
EURO	10%	(6)	–	10%	6	–

	31 December 2013					
In HK$ million	Hypothetical increase in foreign exchange rates	Effect on profit/(loss) before tax	Effect on equity increase/ (decrease)	Hypothetical decrease in foreign exchange rates	Effect on profit/(loss) before tax	Effect on equity increase/ (decrease)
USD	1%	14	(460)	1%	(14)	460
RMB	2%	79	–	2%	(79)	–
AUD	15%	–	246	15%	–	(246)
YEN	10%	(41)	–	10%	41	–
Pound Sterling	10%	(8)	–	10%	8	–
EURO	10%	(15)	–	10%	15	–

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(c) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as available-for-sale. At 30 June 2014, if there had been a 10% change in the market value of available-for–sale securities with all other variables held constant, the Group's equity would have increased/(decreased) by HK$19 million (31 December 2013: HK$20 million).

The Group is subject to commodity price risks such as iron ore and coal, and price risks associated with input costs and costs of goods sold. The Group has not entered into derivatives to manage such exposures.

(d) Credit exposure

The Group's credit risk is primarily related to deposits placed with banks and the continued ability of the banks to deliver on foreign exchange and derivatives. Operating businesses have trade and accounts receivables.

The Group's cash and deposits with banks are placed with major financial institutions. Counterparty limits are closely monitored for all financial institutions with whom the Group is doing business. Unless specially approved by ALCO, the Group only deals with international financial institutions with an investment grade credit rating except for leading PRC financial institutions that do not have an international credit rating. The amount of counterparties' lending exposure to the Group is an important consideration as a means to control credit risk.

Trade receivables are presented net of allowances for bad and doubtful debts. Credit risk in respect of trade and accounts receivables is dispersed since the customers are large in number and spread across different industries and geographical areas. Accordingly, the Group has no significant concentration of such credit risk. Each core operating business has a policy of credit control in place under which credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(e) Liquidity risk

Liquidity risk is managed by maintaining substantial undrawn committed credit facilities, money market lines and cash deposits so as to avoid over reliance on any one source of funds. Refinancing is allocated such that there is a reasonable amount coming due in any one period. In addition, the Company has established co-operative agreements with major PRC banks.

The Group's liquidity management procedures involve regularly projecting cash flows in major currencies, and considering the level of liquid assets and new financings necessary to meet these cash flow requirements.

The Group seeks to secure financing from a diversified set of counterparties on the most competitive terms in the market. At 30 June 2014, CITIC had multiple borrowing relationships with financial institutions in Hong Kong, PRC and other markets. The Group diversifies its funding mix through bank borrowings and accessing the capital markets and seeks to maintain a mix of short and long-term borrowings to stagger maturities and minimise financing risk. In 2014 and 2015, the funding requirements of the Group are expected to continue be met through cash flows generated from operating activities, drawdown of undrawn borrowing facilities, roll-over of existing facilities as well as arrangement of new facilities. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the balance sheet date.

In HK$ million	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 30 June 2014				
Bank and other borrowings	**(34,437)**	**(21,927)**	**(34,996)**	**(54,911)**
Derivative financial instruments	**(872)**	**(725)**	**(1,073)**	**(704)**
Trade creditors, accounts and other payable	**(26,711)**	**–**	**(6)**	**–**
At 31 December 2013				
Bank and other borrowings	(31,328)	(25,827)	(34,656)	(57,262)
Derivative financial instruments	(862)	(792)	(1,043)	(78)
Trade creditors, accounts and other payable	(28,711)	–	(6)	–

16 Financial risk management and fair value estimation (continued)

Financial risk factors (continued)

(e) Liquidity risk (continued)

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on interest or exchange rates (where applicable) prevailing at the balance sheet date.

In HK$ million	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 30 June 2014				
Forward foreign exchange contracts – cash flow hedges:				
outflow	**(1,429)**	**–**	**–**	**–**
inflow	**1,471**	**–**	**–**	**–**
Forward foreign exchange contracts – not qualified for hedge accounting:				
outflow	**(404)**	**(649)**	**–**	**–**
inflow	**403**	**750**	**–**	**–**

In HK$ million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013				
Forward foreign exchange contracts – cash flow hedges:				
outflow	(1,735)	–	–	–
inflow	1,654	–	–	–
Forward foreign exchange contracts – not qualified for hedge accounting:				
outflow	(504)	(655)	–	–
inflow	500	736	–	–

The foreign exchange contracts that are not qualified for hedge accounting as at 30 June 2014 consist of cross currency swap contracts and forward exchange contracts for hedging JPY Notes as well as trade flows in foreign currencies. The gains and losses in the fair market value of these contracts are reflected in the profit and loss account.

16 Financial risk management and fair value estimation (continued)

Fair value estimation

The fair value of financial derivative instrument is generated from software provided by Reval Inc. ("Reval"), a derivative risk management and hedge accounting solutions firm, which uses a discounted cashflow model with independently sourced market data to determine the fair value. The fair value generated by Reval is cross checked against price quotations obtained from major financial institutions. The fair value of the forward foreign exchange contracts is calculated as the present value of expected future cash flows relating to the difference between the contract rates and the market forward rates at the end of the reporting period. The fair value of the interest rate swap is calculated as the net present value of the estimated future cash flows discounted at the market quoted rate, taking into account the current credit worthiness of the swap counter parties and of the Group when appropriate.

The fair value of listed securities is based on quoted market prices at the balance sheet date without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earnings ratios for similar listed companies adjusted for the specific circumstances of the issuer.

The fair values of financial liabilities are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments, except for the global bonds which are based on quoted market prices at the balance sheet date without any deduction for transaction cost. The Group uses the appropriate market yield curve or benchmark rate as of 30 June 2014 plus an appropriate constant credit spread to calculate the fair value of its interest bearing debt. The fair value of borrowings is disclosed in note 15(d).

The fair value of loans receivable is estimated as the present value of future cash flows, discounted at the current market interest rates for similar financial instruments.

The carrying values less impairment provisions of trade and other receivables and trade and other payables are a reasonable approximation of their fair values.

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet 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 recognised 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 prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair values measured using quoted prices in active markets 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

16 Financial risk management and fair value estimation (continued)

Fair value estimation (continued)

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

In HK$ million	30 June 2014 Level 1	Level 2	Level 3	Total	31 December 2013 Level 1	Level 2	Level 3	Total
Assets								
Available-for-sale financial assets:								
Listed	193	–	–	193	200	–	–	200
Unlisted	–	–	276	276	–	–	81	81
Derivative financial instruments								
Interest rate swaps	–	100	–	100	–	80	–	80
Forward exchange contracts	–	45	–	45	–	6	–	6
Liabilities								
Derivative financial instruments								
Interest rate swaps	–	2,980	–	2,980	–	2,600	–	2,600
Forward exchange contracts	–	3	–	3	–	97	–	97

During the period there were no significant transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3.

The movements of the balance of financial instruments measured at fair value based on Level 3 are as follows:

In HK$ million	Unlisted available–for-sale equity securities
At 1 January 2014	**81**
Total net unrealised gains recognised in other comprehensive income during the period	**165**
Total net realised gains recognised in profit and loss account during the period	**30**
At 30 June 2014	**276**
At 1 January 2013	81
Total net unrealised gains recognised in other comprehensive income during the period	3
Total net realised losses recognised in profit and loss account during the period	(2)
At 30 June 2013	82

16 Financial risk management and fair value estimation (continued)

Fair value estimation (continued)

(ii) Fair values of financial instruments carried at cost or amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2014 and 31 December 2013 except as follows:

	30 June 2014		Fair value measurements as at 30 June 2014 categorised into			31 December 2013	
In HK$ million	**Carrying amount**	**Fair value**	Level 1	Level 2	Level 3	Carrying amount	Fair value
The Group:							
Bank loans and other loans	**90,339**	**88,392**	–	88,392	–	91,494	88,982
Global bonds (USD Notes)	**24,052**	**27,260**	–	27,260	–	24,039	23,808
Domestic bond (RMB Notes)	**1,512**	**1,577**	–	1,577	–	1,526	1,607
Commercial paper	**252**	**265**	–	265	–	254	254
Private placement (USD Notes, JPY Notes, HKD Notes & RMB Notes)	**5,582**	**5,864**	–	5,864	–	3,417	3,601

(iii) Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

16 Financial risk management and fair value estimation (continued)

Fair value estimation (continued)

(iii) Master netting or similar agreements (continued)

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements.

In HK$ million	**Gross and net amounts of financial instruments in the consolidated balance sheet**	**Related financial instruments that are not offset**	**Net amount**
Group			
30 June 2014			
Financial assets			
Derivative financial instruments			
Interest rate instruments	**100**	**–**	**100**
Forward foreign exchange instruments	**45**	**(31)**	**14**
	145	**(31)**	**114**
Financial liabilities			
Derivative financial instruments			
Interest rate instruments	**(2,980)**	**31**	**(2,949)**
Forward foreign exchange instruments	**(3)**	**–**	**(3)**
	(2,983)	**31**	**(2,952)**

In HK$ million	Gross and net amounts of financial instruments in the consolidated balance sheet	Related financial instruments that are not offset	Net amount
Group			
At 31 December 2013			
Financial assets			
Derivative financial instruments			
Interest rate instruments	80	–	80
Forward foreign exchange instruments	6	–	6
	86	–	86
Financial liabilities			
Derivative financial instruments			
Interest rate instruments	(2,600)	–	(2,600)
Forward foreign exchange instruments	(97)	–	(97)
	(2,697)	–	(2,697)

17 Capital risk management

The Group's primary objective when managing capital is to safeguard the Group's ability to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong shareholders' equity position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's leverage ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank deposits. Total capital is total ordinary shareholders' funds and perpetual capital securities, as shown in the consolidated balance sheet, plus net debt.

The leverage ratios at 30 June 2014 and at 31 December 2013 were as follows:

In HK$ million	**30 June 2014**	31 December 2013
Total borrowings	**121,737**	120,730
Less: Cash and bank deposits	**31,331**	35,070
Net debt	**90,406**	85,660
Total ordinary shareholders' funds and perpetual capital securities	**102,113**	101,763
Total capital	**192,519**	187,423
Leverage ratio	**47%**	46%

CITIC has developed a set of standard loan covenants to facilitate the management of its loan portfolio and debt compliance and cover most of CITIC's loan portfolio. The financial covenants that are effective at 30 June 2014 are generally limited to three categories, namely, a minimum net worth undertaking where the Group has to maintain a net worth of greater or equal to HK$25 billion, a maximum ratio of total borrowings to net worth where the consolidated borrowings of the Group cannot exceed 1.5 times consolidated net worth and a limit of pledged assets to 30% or below as a ratio of the Group's consolidated total assets. CITIC monitors these covenants on a regular basis and was in compliance with them as at 30 June 2014.

18 Derivative financial instruments

In HK$ million	30 June 2014 Assets	30 June 2014 Liabilities	31 December 2013 Assets	31 December 2013 Liabilities
Qualified for hedge accounting – cash flow hedges				
Interest-rate instruments	**–**	**2,813**	–	2,421
Forward foreign exchange instruments	**43**	**1**	–	88
	43	**2,814**	–	2,509
Not qualified for hedge accounting				
Interest-rate instruments	**100**	**167**	80	179
Forward foreign exchange instruments	**2**	**2**	6	9
	102	**169**	86	188
	145	**2,983**	86	2,697
Less: current portion				
Interest-rate instruments	**75**	**71**	44	54
Forward foreign exchange instruments	**45**	**2**	6	97
	120	**73**	50	151
Non-current portion	**25**	**2,910**	36	2,546

(i) Forward foreign exchange instruments

The notional amount of the outstanding forward foreign exchange instruments at 30 June 2014 was HK$1,821 million (31 December 2013: HK$2,225 million).

The effective portions of gains and losses on forward foreign exchange contracts associated with highly probable forecast underlying transactions denominated in foreign currency expected to occur at various dates within the next 10 months are recognised in the hedging reserve in equity as of 30 June 2014 and will be recognised in the profit and loss account in the period or periods during which the underlying hedged transactions affect the profit and loss account.

(ii) Interest rate instruments

The notional amount of outstanding interest rate swap contracts at 30 June 2014 was HK$26,175 million (31 December 2013: HK$26,143 million). In addition, the Group had cross currency interest rate swap contracts with an aggregate notional amount of HK$619 million (31 December 2013: HK$642 million). At 30 June 2014, the fixed interest rates under interest rate swaps varied from 0.56% to 5.10% per annum (31 December 2013: 0.56% to 5.10% per annum). The effective portion of gains and losses on interest rate swap contracts qualifying for hedge accounting as of 30 June 2014 are recognised in the hedging reserve in equity and are released to the profit and loss account to match relevant interest payments which are mainly calculated using Hong Kong Interbank offered rate (HIBOR) or London Interbank offered rate (LIBOR).

19 Provisions and deferred income

The amount consisted of provisions for site restoration and gas contract, and deferred income.

20 Discontinued operations

The Sale and Purchase Agreement made between a wholly-owned subsidiary company of the Company and CITIC Group Corporation, an ultimate holding company, on 18 December 2012 to dispose of 18.55% interest in CITIC Telecom was completed on 21 February 2013. Since then, CITIC Telecom has ceased to be a subsidiary of the Company. As a result, the financial results of CITIC Telecom has no longer been consolidated with that of the Group but is accounted for by equity method.

Analysis of the profit of discontinued operations is as follows:

In HK$ million	June 2013
Revenue	523
Expenses	(507)
Share of results of joint venture and associated company	33
Profit before tax of discontinued operations	49
Taxation	(2)
Profit for the period from discontinued operations	47
Net gain on disposal	2,055
	2,102
Profit for the period from discontinued operations attributable to:	
Ordinary shareholders of the Company	2,083
Non-controlling interests	19
	2,102

21 Business combinations and acquisitions

During the period ended 30 June 2013, the subsidiary companies of the Group completed several business acquisitions. The major acquisitions are as follows:

(i) In February 2013, a subsidiary company of the Group acquired 100% equity interest in Leo's Fine Food Company Limited ("Leo"). Leo is engaged in processing and trading of food products in Hong Kong.

(ii) In March 2013, a subsidiary company of the Group acquired 25% equity interest in Silver Wings Enterprises Inc ("Silver Wings") from its joint venture partner, Nippon Steel & Sumitomo Metal Corporation ("NSSMC"). Silver Wings was a joint venture of the Group prior to the acquisition to build and develop a production line with steel melting, casting and rolling facilities to produce high-end special steel. After the acquisition, Silver Wings became a wholly-owned subsidiary company of the Group.

The aggregate revenue and net profit of the acquired companies for the period from their respective dates of acquisitions to 30 June 2013 were HK$476 million and HK$33 million respectively.

21 Business combinations and acquisitions (continued)

If these business combinations had occurred on 1 January 2013, the Group's revenue for the period would have been increased from approximately HK$41,291 million to approximately HK$41,720 million and do not have material impact on net profit. These amounts have been calculated by adopting the Group's accounting policies and adjusting the results of the relevant subsidiary companies to reflect the additional amortisation and depreciation that would have been charged assuming the fair value adjustments to intangible assets, property, plant and equipment and leasehold land – operating lease had been applied from 1 January 2013, together with the consequential tax effects.

The acquisitions completed during the period ended 30 June 2013 had the following effect on the Group's assets and liabilities on their respective dates of acquisitions:

In HK$ million	
Net assets acquired	
Property, plant and equipment	3,275
Lease prepayment	37
Intangible assets	76
Inventories	445
Accounts receivable and prepayments	660
Cash and bank deposits	32
Creditors and accruals	(80)
Bank loans & other loans	(973)
Tax payable	(6)
Deferred tax liabilities	(224)
Fair value of net assets acquired	3,242
Goodwill (Note)	10
Transfer from interests in a joint venture	(2,130)
Reserve released	206
Gain on disposal of interest in a joint venture	(362)
Non-controlling interests arising from acquisitions of interest in subsidiary companies	(12)
Total consideration	954
Less: consideration payable	(48)
Consideration paid, satisfied in cash	906
Less: cash acquired	(32)
Net cash outflow	874

Note: Goodwill arising from the acquisitions represents the control premium paid, the benefits of expected synergies to be achieved from integrating the subsidiary companies into the Group's existing businesses, future market development and the acquired workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

22 Material related party transactions

Where one party has the ability to control the other party or exercise significant influence in making financial and operating decisions of another party, they are considered to be related. Parties are also considered to be related if one party is subject to control and another party is subject to control, joint control or significant influence both by the same third party.

(a) Transactions with state-owned enterprises (other than companies within the CITIC Group Corporation)

CITIC Limited ("CITIC") is controlled by CITIC Group Corporation which owns 57.5% of the Company's shares. CITIC Group Corporation is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as "state-owned enterprises"). Therefore, transactions with state-owned enterprises are regarded as related party transactions.

For the purpose of related party disclosure, the Group has identified to the extent practicable whether its customers and suppliers are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs. The Group has certain transactions with other state-owned enterprises including but are not limited to sales and purchases of goods and services, payments for utilities, acquisition of property interests, depositing and borrowing money and entering into derivative financial instruments. In the ordinary course of the Group's businesses, transactions occur with state-owned enterprises.

The more significant transactions with state-owned enterprises are as follows:

(i) As at 30 June 2014, there were derivative liabilities of HK$2,522 million (31 December 2013: HK$2,108 million) in relation to outstanding financial instrument transactions with state-owned banks. They are included in the balances disclosed in Note 18.

(ii) Balances (other than derivatives) with state-owned banks

In HK$ million	**30 June 2014**	31 December 2013
Bank balances and deposits	**14,693**	18,485
Bank loans	**67,491**	70,383

22 Material related party transactions (continued)

(a) Transactions with state-owned enterprises (other than companies within the CITIC Group Corporation) (continued)

(iii) Transactions with China Metallurgical Group

On 24 January 2007, Sino Iron Pty Ltd., a wholly owned subsidiary of the Company, ("Sino Iron") entered into a general construction contract ("the Contract") with China Metallurgical Group Corp., a state-owned enterprise ("MCC"). Pursuant to the Contract, MCC is responsible for the procurement of mining equipment, design, construction and installation of the primary crushing plant, concentrator, pellet plant, material handling system, camp and other auxiliary infrastructure facilities ("the Works to be conducted by MCC") at an amount not exceeding US$1,106 million (approximately HK$8,630 million). The price for the Works to be conducted by MCC is capped and no increase to the contract sum can be made unless otherwise agreed by both parties. On 20 August 2007, Sino Iron entered into supplemental agreements with MCC in relation to, amongst other things, the adjustment to the scope of the works to be conducted by MCC to extend to the second 1 billion tonnes of iron ore to be extracted and the revision of the contract sum to US$1,750 million (approximately HK$13,650 million). On 11 May 2010, Sino Iron and MCC entered into a supplemental contract to increase the contract sum by US$835 million to US$2,585 million due to the changes in the cost structure of the industry.

Sino Iron and MCC also agreed that the remaining works (other than works to be conducted by MCC) shall be contracted out to third parties directly by Sino Iron and such works shall be managed by MCC. Sino Iron agreed to pay 1% of the relevant contract price (excluding any fee for training, interest, transportation, insurance and tax expenses) to MCC as management fees for the MCC managed works.

On 30 December 2011, Sino Iron and MCC entered into a supplemental contract to increase the contract sum by US$822 million to US$3,407 million due to the failure by MCC to take into consideration the full impact of the increase in the construction costs related to mining projects, including labour shortages, higher costs of equipment and construction materials as well as foreign exchange volatility.

In HK$ million	**30 June 2014**	31 December 2013
Balances with MCC		
Deposit received from MCC for the acquisition of 20% interest in Sino Iron	**–**	(546)
Transaction with MCC for the period/year ended		
Incurred costs on the Contract	**153**	1,407

22 Material related party transactions (continued)

(a) Transactions with state-owned enterprises (other than companies within the CITIC Group Corporation) (continued)

(iii) Transactions with China Metallurgical Group (continued)

On 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, and 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, Sino Iron and MCC WA expect to enter into further negotiations on the project settlement accounts to determine the amount of liabilities to be borne between the parties.

On 20 August 2007, a wholly owned subsidiary of the Company, and MCC entered into an agreement for MCC to purchase 20% of Sino Iron for a consideration equivalent to 20% of all the funds provided to Sino Iron by CITIC for the development of the iron ore project up to the date of completion, plus interest. As at 31 December 2011, the Group held a deposit of HK$2,130 million from MCC for the acquisition of 20% interest in Sino Iron. As at 31 December 2013, such deposit balance was reduced from HK$1,288 million to HK$546 million with the remainder being applied by MCC to the Sino Iron Project. The remaining deposit was fully refunded at the instruction of MCC during the period under review and applied by MCC to the Sino Iron project. The Sale and Purchase Agreement is no longer effective.

The Group holds 2.13% of MCC shares acquired at MCC's initial public offering.

22 Material related party transactions (continued)

(b) Transactions with CITIC Group Corporation

In HK$ million		30 June 2014	31 December 2013
Balances with fellow subsidiary companies within CITIC Group Corporation			
(i)	Bank balances	**1,064**	1,142
(ii)	Bank loans	**683**	693
(iii)	Trade and other payables	**1,032**	1,407
(iv)	Trade, other receivable and prepayment	**137**	42
Transactions with fellow subsidiary and associated companies within CITIC Group Corporation for the period/year ended			
(i)	Sales	**5**	7
(ii)	Purchases	**184**	223

On 29 October 2013, a subsidiary company of the Group entered into the Framework Agreement with China CITIC Bank Corporation Limited ("CITIC Bank"), pursuant to which, the subsidiary company agreed to sell and CITIC Bank agreed to purchase the property for a consideration of RMB2,500 million. A deposit of RMB516 million (equivalent to approximately HK$650 million) was received in escrow account maintained with CITIC Bank for receiving funds in respect of the disposal. Such amount was not included in the above bank balances with CITIC Group Corporation.

23 Post balance sheet events

On 25 August 2014 CITIC Pacific Limited purchased a company holding substantially all the businesses of the CITIC Group Corporation. The latter are described in a circular to shareholders dated 14 May 2014 where the acquired businesses are referred to as the "Target Group".

CITIC Pacific Limited changed its name to CITIC Limited and the company purchased changed its name to CITIC Corporation Limited.

On completion 21,253,879,470 new ordinary shares were issued by CITIC Limited at a price of HKD13.48: 17,301,765,470 were issued to the CITIC Group Corporation, and 3,952,114,000 were issued to independent third parties. As of the date of this report the CITIC Group Corporation owns 77.90% of CITIC Limited's HKD324,524 million equity share capital and 24,903 million shares.

The directors of CITIC Corporation Limited have prepared unaudited financial information for the six months to 30 June 2014. It reports total revenue of RMB118,399 million equivalent to HK$149,502 million and profit attributable to equity shareholders of RMB19,006 million equivalent to HK$23,999 million.

Review Report

To the Board of Directors of CITIC Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 40 to 82 which comprises the consolidated balance sheet of CITIC Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with HKAS 34.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 August 2014

Statutory Disclosure

Very Substantial Acquisition

Acquisition of 100% of the total issued share capital of CITIC Limited (now known as CITIC Corporation Limited)

On 16 April 2014, the Company, CITIC Group Corporation ("CITIC Group", the ultimate controlling shareholder of the Company) and Beijing CITIC Enterprise Management Co., Ltd. ("CITIC Enterprise Management") entered into a share transfer agreement pursuant to which the Company conditionally agreed to acquire, and CITIC Group and CITIC Enterprise Management conditionally agreed to sell, 100% of the total issued share capital of CITIC Corporation Limited at a consideration of RMB226,995,660,900 (the "Acquisition"). The consideration of the Acquisition was satisfied partly by issuing new shares of the Company to CITIC Group's designated wholly-owned subsidiaries ("Share Consideration") and partly in cash raised by placing new shares of the Company to investors as well as from other internal resources ("Cash Consideration"). Details of the Acquisition are set out in the Company's announcement dated 16 April 2014 and circular dated 14 May 2014.

After all the conditions having been satisfied, completion of the Acquisition took place on 25 August 2014 ("Completion"). On Completion, (i) 5,348,170,470 shares and 11,953,595,000 shares were allotted and issued at HK$13.48 per share to CITIC Glory Limited and CITIC Polaris Limited (both are wholly-owned subsidiaries of CITIC Group) respectively which constitute the Share Consideration portion; and (ii) a total of 3,952,114,000 shares were allotted and issued at the placing price of HK$13.48 per share to 27 investors pursuant to the respective share subscription agreements entered into between each investor and the Company. The proceeds raised from the share subscription together with other internal resources amounted to HK$53,357,554,905 were paid to CITIC Group as Cash Consideration. Details of the share subscription are set out in the Company's announcements dated 14 May 2014, 17 June 2014 and 14 July 2014.

Upon Completion, CITIC Group's controlling interest in the Company increased from approximately 57.508% to approximately 77.9% with the public float of more than 15% as required by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") which has granted a waiver to the Company from strict compliance with the minimum public float of 25%. As at 25 August 2014, the public float is 21.87%. Details of the completion of the Acquisition are set out in the Company's announcement dated 25 August 2014.

Change of Company Name, Logo, Equity Stock Short Name and Company Website

Subsequent to the Completion and pursuant to the special resolution of the Company passed by the shareholders on 3 June 2014 and the issue of the Certificate of Change of Name by the Registrar of Companies on 26 August 2014, the name of the Company has been changed from CITIC Pacific Limited 中信泰富有限公司 to CITIC Limited 中國中信股份有限公司 with effect from 26 August 2014.

In connection with the change of the Company's name, the shares of the Company have been traded on the Hong Kong Stock Exchange under the new English equity stock short name of "CITIC" and the new Chinese equity stock short name of "中信股份" with effect from 1 September 2014. The equity stock code of the Company remains unchanged as "00267". The stock short names and stock codes of the Company's debt securities remain unchanged. The Company has also changed its logo to and its website to www.citic.com. Further details are set out in the Company's announcement dated 27 August 2014.

Dividend and Closure of Register

The directors have declared an interim dividend of HK1.5 cents per share (2013: HK10 cents per share) for the year ending 31 December 2014, payable on Friday, 10 October 2014 to shareholders whose names appear on the Company's register of members on Tuesday, 30 September 2014. The register of members of the Company will be closed from Thursday, 25 September 2014 to Tuesday, 30 September 2014, both days inclusive, during which period no share transfer 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 Wednesday, 24 September 2014.

Share Option Plan of the Company and its subsidiary as at 30 June 2014

(I) Share Option Plan adopted by the Company

(i) CITIC Pacific Share Incentive Plan 2000

During the period between the adoption of the CITIC Pacific Share Incentive Plan 2000 ("the Plan 2000") on 31 May 2000 and its expiry on 30 May 2010, the Company has granted six lots of share options:–

Date of grant	Number of share options	Exercise price per share (HK$)
28 May 2002	11,550,000	18.20
1 November 2004	12,780,000	19.90
20 June 2006	15,930,000	22.10
16 October 2007	18,500,000	47.32
19 November 2009	13,890,000	22.00
14 January 2010	880,000	20.59

The share options at the exercise price of HK$18.20 per share, HK$19.90 per share, HK$22.10 per share and HK$47.32 per share expired at the close of business on 27 May 2007, 31 October 2009, 19 June 2011 and 15 October 2012 respectively. The remaining share options granted and accepted under the Plan 2000 can be exercised in whole or in part within 5 years from the date of grant.

None of the share options granted under the Plan 2000 were exercised or cancelled but options for 200,000 shares have lapsed during the six months ended 30 June 2014. A summary of the movements of the share options under the Plan 2000 during the six months ended 30 June 2014 is as follows:–

Statutory Disclosure

A. Directors

Name of director	Date of grant	Exercise price HK$	Number of share options: Balance as at 01.01.14	Exercised/lapsed/ cancelled during the six months ended 30.06.14	Balance as at 30.06.14	Approximate percentage to the number of issued shares as at 30.06.14
Chang Zhenming	19.11.09	22.00	600,000	–	600,000	0.016
Zhang Jijing	19.11.09	22.00	500,000	–	500,000	0.014
Vernon Francis Moore	19.11.09	22.00	500,000	–	500,000	0.014
Liu Jifu	19.11.09	22.00	500,000	–	500,000	0.014
Carl Yung Ming Jie	19.11.09	22.00	500,000	–	500,000	0.014

B. Employees working under continuous contracts (as defined in the Employment Ordinance), other than the directors

Date of grant	Exercise price HK$	Number of share options: Balance as at 01.01.14	Exercised/lapsed/ cancelled during the six months ended 30.06.14	Balance as at 30.06.14
19.11.09	22.00	6,710,000	–	6,710,000
14.01.10	20.59	400,000	–	400,000

C. Others

Date of grant	Exercise price HK$	Number of share options: Balance as at 01.01.14	Exercised/ cancelled during the six months ended 30.06.14	Lapsed during the six months ended 30.06.14	Balance as at 30.06.14
19.11.09	22.00	2,670,000 (Note)	–	–	2,670,000
14.01.10	20.59	200,000 (Note)	–	200,000	–

Note:

These are in respect of share options granted to former directors or employees under continuous contracts, who have subsequently retired or resigned.

(ii) CITIC Pacific Share Incentive Plan 2011

As the Plan 2000 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, pursuant to which 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 Group who shall make payment of HK$1.00 to the Company on acceptance. The subscription price determined by the board will be at least 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 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 2014, 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 2014.

(II) Share Option Plan Adopted by Dah Chong Hong Holdings Limited ("DCH Holdings"), a subsidiary of the Company

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:

On 7 July 2010, options to subscribe for a total of 23,400,000 shares in DCH Holdings, at the exercise price of HK$4.766 per share, were granted under the Scheme and all were accepted. All the share options granted and accepted were fully vested on the date of grant and are then 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 7 July 2010 was HK$4.69 per share.

On 8 June 2012, options to subscribe for a total of 24,450,000 shares in DCH Holdings, at the exercise price of HK$7.40 per share, were granted under the Scheme and 24,250,000 share options were accepted and 200,000 share options were not as 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.

On 30 April 2014, options to subscribe for a total of 28,200,000 shares in DCH Holdings, at the exercise price of HK$4.93 per share, were granted under the Scheme and 27,850,000 share options were accepted and 350,000 share options 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 5 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 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 2014, options for 29,890,000 DCH Holdings' shares were outstanding under the Scheme. During the six months ended 30 June 2014, options for 27,850,000 shares in DCH Holdings were granted and accepted, options for 200,000 DCH Holdings' shares were lapsed and none of the options were exercised and cancelled. As at 30 June 2014, options for 57,540,000 DCH Holdings' shares under the Scheme were exercisable.

The average fair value of the share options granted under the Scheme during the six month period ended 30 June 2014 measured at the date of grant on 30 April 2014 was HK$1.37 per share option based on the following assumptions using the Binomial Lattice Model:

– Share price at the grant date	HK$4.93
– Exercise price	HK$4.93
– Expected volatility of DCH Holdings' share price	40% per annum
– Share option life	5 years
– Expected dividend yield	3.0% per annum
– Average risk-free interest rate (based on Hong Kong Exchange Fund Notes)	1.22% per annum
– Early exercise assumption	Option holders will exercise when the share price is at least 160% of the exercise price
– Rate of leaving service during the exercise period	0.5% per annum

The volatility rate of the share price of DCH Holdings was determined with reference to the movement of DCH Holdings' historical share price as well as the trend of the volatility rate over recent years.

Taking into account the probability of leaving employment and early exercise behaviour, the expected life of the grant was estimated to be about 4.3 years.

The total expense recognised in DCH Holdings' income statement for the period ended 30 June 2014 in respect of the grant of the aforesaid 28,200,000 share options for the shares of DCH Holdings is approximately HK$3.5 million.

Directors' Interests in Securities

As at 30 June 2014, the interests 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:-

1. Shares in the Company and its associated corporation

Name of director	Number of shares Personal interests unless otherwise stated	Approximate percentage to the number of issued shares as at 30.06.14
The Company		
Vernon Francis Moore	4,200,000 (Note)	0.115
Liu Jifu	840,000	0.023
Carl Yung Ming Jie	300,000	0.008
CITIC Telecom International Holdings Limited		
Vernon Francis Moore	275,000 (Note)	0.008

Note: Trust interest

2. Share options in the Company

The interests of the directors of the Company in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section "Share Option Plan adopted by the Company".

Save as disclosed above, as at 30 June 2014, none of the directors of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules").

Interests of Substantial Shareholders

As at 30 June 2014, substantial shareholders of the Company (other than the directors of the Company) who had interests 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 were as follows:-

Shares of the Company

Name	Number of shares held as at 30.06.14	Approximate percentage to the number of issued shares as at 30.06.14
CITIC Group Corporation	2,098,736,285 (Note 1)	57.508
CITIC Glory Limited	2,098,736,285	57.508
National Council for Social Security Fund ("NSSF")	1,246,290,000 (Note 2)	N/A (Note 2)

Note:

1. CITIC Group Corporation is the direct holding company of CITIC Glory Limited. Accordingly, the interest of CITIC Group Corporation in the Company duplicates the interest of CITIC Glory Limited in the Company.

2. On 14 May 2014, NSSF entered into a share subscription agreement with the Company pursuant to which NSSF agreed to subscribe for 1,246,290,000 shares in the Company, representing approximately 5% of the total number of shares in issue of the Company upon completion of the Acquisition (as described in the preceding section). NSSF made notification to the Company and the Hong Kong Stock Exchange of its interest in the Company on 19 May 2014 which the Acquisition was yet to be completed.

Subsequent to Completion

As at the date of this report, the Acquisition has been completed. The total number of shares in issue of the Company has been increased to 24,903,323,630. Accordingly, the following entities are or have become substantial shareholders of the Company as at the date of this report:–

Name	Number of shares held as at the date of the report	Approximate percentage to the number of issued shares as at the date of the report
CITIC Group Corporation	19,400,501,755	77.90
CITIC Polaris Limited	11,953,595,000	48.00
CITIC Glory Limited	7,446,906,755	29.90
National Council for Social Security Fund	1,246,290,000	5.00

Share Capital

The Company has not redeemed any of its shares during the six months ended 30 June 2014. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the six months ended 30 June 2014.

Continuing Disclosure Requirements under Rule 13.22 of the Listing Rules in relation to Financial Assistance to Affiliated Companies

The Company has included a proforma combined balance sheet of affiliated companies as required therein under Rule 13.22 of the Listing Rules. Affiliated companies include associated companies and joint ventures.

Proforma combined balance sheet of affiliated companies

In HK$ million	The Company and its subsidiary companies' attributable interest as at 30 Jun 2014
Fixed Assets	10,371
Joint ventures	237
Other financial assets	19
Deferred tax assets	31
Intangible Assets	1,579
Other non-current assets	1,470
Net Current Liabilities	(2,169)
Total Assets Less Current Liabilities	11,538
Long Term Borrowings	(3,342)
Deferred Tax Liabilities	(223)
Other non-current liabilities	(275)
Loan from Shareholders	(2,762)
	4,936

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 corporate governance practices under continuous review to ensure their consistent application and will continue to improve our practices. Details of our corporate governance practices can be found in the Company's Annual Report 2013 and on the Company's website www.citic.com. In anticipation of completion of the acquisition of CITIC Corporation Limited which would create a substantially enlarged Group, training programme on corporate governance practices and relevant Hong Kong regulatory requirements with specifically tailored sessions for senior management and employees of the CITIC Corporation Limited group has commenced.

Currently the board has set up the following committees:

- An executive committee for communicating the direction and priorities of the Company and sharing information with and amongst senior executives about the Company's key developments and business issues. This committee is chaired by the president (an executive director) and its membership includes the chief financial officer (an executive director), one other executive director, two executive vice presidents, leaders of major businesses in the Group and leaders of key head office functions.

- An investment committee to consider the strategy and planning of the Company and to review investment proposals. The committee is chaired by the chairman of the board; the other members are the president (an executive director), chief financial officer (an executive director) and two executive vice presidents.

- An asset and liability management committee ("ALCO") to review the financial position of the Company and set limits as appropriate on its financial risk exposures during the financial risk management process. ALCO reviews and sets limits on exposure in relation to the Group's asset and liability structure, counterparties, currencies, interest rates, commitments and contingent liabilities. It also reviews and approves financing plans, approves the use of new financial products and establishes hedging policies. Chaired by the chief financial officer (an executive director), the committee comprises two executive vice presidents, the group financial controller, the group treasurer, and the executives with responsibility for treasury, treasury risk management and financial control.

- An audit committee to assist the board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting obligations. The committee oversees the relationship with the external auditors, 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 non-executive directors, two of whom are independent non-executive directors having the relevant professional qualification and expertise in financial reporting matters.

- 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 and a non-executive director.

- A nomination committee to determine the policy for the nomination of directors and set out the nomination procedures, process and criteria to select and recommend candidates for directorship, which take into consideration all aspects of diversity. It also reviews the structure, size, composition and diversity of the board. The committee is chaired by the chairman of the board; the other members consist of one non-executive director and three independent non-executive directors.

- A special committee to deal with matters relating to the investigations of the Company by the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force. The committee comprises the president (an executive director), a non-executive director and an independent non-executive director.

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 Listing Rules during the six months ended 30 June 2014. In respect of code provision A.6.7 of the CG Code, Mr Carl Yung Ming Jie (non-executive director), Mr André Desmarais (former non-executive director who retired at the annual general meeting of the Company held on 14 May 2014 ("AGM")) and Dr Xu Jinwu (independent non-executive director), were not able to attend the AGM. Mr Carl Yung Ming Jie was ill while Mr André Desmarais and Dr Xu Jinwu were away from Hong Kong due to other engagements. Mr Peter Kruyt, the alternate director to Mr André Desmarais, attended the AGM. Mr Carl Yung Ming Jie (non-executive director), Mr Gregory Lynn Curl and Dr Xu Jinwu (both independent non-executive directors), were not able to attend the extraordinary general meeting of the Company held on 3 June 2014 as all of them had other engagements.

Reference is made to the Company's announcement dated 25 August 2014. Mr Gregory Lynn Curl has been re-designated from an independent non-executive director to a non-executive director of the Company with effect from 25 August 2014. Following his re-designation, the number of independent non-executive directors falls below one-third of the number of members on the board required under Rule 3.10A of the Listing Rules. The Company will identify suitable candidate(s) within three months from 25 August 2014 in compliance with Rule 3.11 of the Listing Rules. Further announcement will be made as and when appropriate.

The audit committee of the board reviewed the Half-Year Report with the management and the Company's internal and external auditors 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 KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("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 2014.

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

Mr Gregory Lynn Curl has been re-designated from an independent non-executive director of the Company to a non-executive director of the Company with effect from 25 August 2014.

Definition of Terms

Terms

Long term debt/borrowings/loans	Refers to debt/borrowings/loans with maturities longer than one year as of the balance sheet date
Short term debt/borrowings/loans	Refers to debt/borrowings/loans with maturities within 1 year as of the balance sheet date
Total debt	The sum of all the loans, notes and bonds that are obligations of consolidated entities
Net debt	Total debt less cash and bank deposits
Total capital	Total ordinary shareholders' funds and perpetual capital securities plus net debt
Ordinary shareholders' funds	Consists of share capital, reserves and proposed dividend
Total ordinary shareholders' funds and perpetual capital securities	Ordinary shareholders' funds plus perpetual capital securities
Cash inflows	Cash inflows represent cash generated from business operations after income taxes paid, and other cash inflows which principally include dividends from joint ventures and associated companies, proceeds from divestments of businesses, sales of listed investments and sales of fixed assets and investment properties
EBITDA	"Earnings before interest expense, taxation, depreciation and amortisation" including operating income, other income and net gains, finance income and change in fair value of investment properties, and adding back impairment loss provision. EBITDA includes the EBITDA of the Company and subsidiary companies, as well as the Group's share of the earnings before taxation of joint ventures and associated companies
EBIT	"Earnings before interest expense and taxation", that is, EBITDA after depreciation, amortisation and impairment loss provision
Attributable profit/(loss) (of a segment)	Profit/(loss) from consolidated activities after deduction of charges for finance provided directly to segment entities or by the corporate segment, taxation, profit attributable to non-controlling interests and allocation of rental among segments, plus a share of results of joint ventures and associated companies, and finance income
Profit attributable to ordinary shareholders of the Company	The consolidated net profit after tax of the Company less the profit attributable to non-controlling interests and holders of perpetual capital securities

Ratios

Earnings per share	Profit attributable to ordinary shareholders of the Company divided by the weighted average number of shares (by days) in issue for the year
Leverage	Net debt divided by total capital

Corporate Information

Registered Office

32nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
Telephone: +852 2820 2111
Fax: +852 2877 2771

Beijing Office

Capital Mansion, 6 Xinyuannanlu
Chaoyang District
Beijing 100004, China

Website

www.citic.com contains a description of the Company's business, copies of both the full and summary reports 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.

Financial Calendar

Closure of Register:	25 September 2014 to 30 September 2014
Interim Dividend payment:	10 October 2014

The Half-Year Report is printed in English and Chinese and is available on our website at 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 Company Secretary, 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.

CITIC Limited

Registered Office

32nd Floor, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

Tel +852 2820 2111
Fax +852 2877 2771

www.citic.com

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