Form 604

Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme ALUMINA LIMITED

ACN/ARSN 004 820 419

1. Details of substantial holder(1)

Name EACH OF THE ENTITIES LISTED IN ANNEXURE A

ACN/ARSN (if applicable) REFER TO ANNEXURE A

There was a change in the interests of the substantial holder on 25/08/2014

The previous notice was given to the company on 15/02/2013

The previous notice was dated 15/02/2013

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
ORDINARY SHARES	382,174,067	13.619%	382,174,067	13.619%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
25/08/2014	CITIC Pacific Limited	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth)	N/A	382,174,067 ordinary shares	382,174,067
25/08/2014	CITIC Glory Limited	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth)	N/A	382,174,067 ordinary shares	382,174,067

25/08/2014	CITIC Polaris Limited	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth)	N/A	382,174,067 ordinary shares	382,174,067

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Bestbuy Overseas Co., Ltd	Bestbuy Overseas Co., Ltd	Bestbuy Overseas Co., Ltd	Registered holder and beneficial owner as a result of the allotment of shares pursuant to the Subscription Agreement between Bestbuy Overseas Co., Ltd and the Company dated 14 February 2013 (a copy of which was attached to the Form 604 lodged on 15 February 2013).	146,411,771 ordinary shares	146,411,771
CITIC Investment (HK) Ltd	Bestbuy Overseas Co., Limited	Bestbuy Overseas Co., Limited	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	146,411,771 ordinary shares	146,411,771
CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Registered holder and beneficial owner as a result of shares pursuant to the Subscription Agreement between CITIC Resources Australia Pty Ltd and the Company dated 14 February 2013 (a copy of which was attached to the Form 603 lodged by the Company on 15 February 2013)	235,762,296 ordinary shares	235,762,296

Toplight Resources Limited	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	235,762,296 ordinary shares	235,762,296
Starbest Venture Limited	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	235,762,296 ordinary shares	235,762,296
CITIC Resources Holdings Limited	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	235,762,296 ordinary shares	235,762,296
Keentech Group Ltd	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	235,762,296 ordinary shares	235,762,296
CITIC Projects Management (HK) (Limited)	CITIC Resources Australia Pty Ltd	CITIC Resources Australia Pty Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	235,762,296 ordinary shares	235,762,296

CITIC Corporation Limited	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	382,174,067 ordinary shares	382,174,067
CITIC Pacific Limited	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth) and by virtue of the Share Transfer Agreement attached at Annexure B.	382,174,067 ordinary shares	382,174,067
CITIC Glory Limited	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	382,174,067 ordinary shares	382,174,067
CITIC Polaris Limited	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	382,174,067 ordinary shares	382,174,067
CITIC Group Corporation and CITIC Corporation Limited	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd.	CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co. Ltd	Requisite power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001* (Cth).	382,174,067 ordinary shares	382,174,067

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
CITIC Pacific Limited	CITIC Pacific Limited will, by virtue of the Share Transfer Agreement attached at Annexure B, acquire 100% of the shares in CITIC Corporation Limited. CITIC Pacific Limited is controlled by CITIC Group Corporation. As a result of the share transfer, CITIC Pacific Limited now has, through its control of CITIC Corporation Limited, the power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act 2001*.
CITIC Glory Limited	On 8 May 2014 CITIC Glory Limited acquired 57.508% of the shares in CITIC Pacific from CITIC Corporation Limited. On 25 August 2014, at the direction of CITIC Group Corporation (the sole beneficial owner of CITIC Glory Limited), CITIC Pacific Limited has, pursuant to the Share Transfer Agreement attached at Annexure B, issued further new shares in its share capital including additional shares to CITIC Glory Limited (such that CITIC Glory Limited holds in aggregate approximately 29.90% of the enlarged share capital of CITIC Pacific Limited), in partial satisfaction of the consideration payable to CITIC Group Corporation for the acquisition of 100% of the shares in CITIC Corporation Limited. As a result of the acquisition by CITIC Pacific Limited of 100% of the shares in CITIC Corporation Limited, CITIC Glory Limited and CITIC Polaris Limited now have, through their control of CITIC Pacific Limited, the power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act*.
CITIC Polaris Limited	On 25 August 2014, at the direction of CITIC Group Corporation (the sole beneficial owner of CITIC Polaris Limited), CITIC Pacific Limited has, pursuant to the Share Transfer Agreement attached at Annexure B, issued new shares in its share capital including to CITIC Polaris Limited (such that CITIC Polaris Limited holds approximately 48% of the enlarged share capital of CITIC Pacific Limited), in partial satisfaction of the consideration payable to CITIC Group Corporation for the acquisition of 100% of the shares in CITIC Corporation Limited. As a result of the acquisition by CITIC Pacific Limited of 100% of the shares in CITIC Corporation Limited, CITIC Glory Limited jointly with CITIC Polaris Limited now have, through their control of CITIC Pacific Limited, the power to control the disposal or voting of the relevant shares and/or a deemed relevant interest in those shares pursuant to section 608 of the *Corporations Act*.

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
REFER TO ANNEXURE A	

Signature

print name	CHANG Zhenming	capacity	Chairman
sign here		date	26 /Aug/ 2014

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

(a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Information in this guide is intended as a guide only. Please consult your accountant or solicitor for further advice.

Annexure A

This is Annexure A of one page referred to in Form 604 (Notice of change of interests of substantial holder) lodged on behalf of the entities listed below on

Signed:

Name: CHANG Zhenming

Date: 26 Aug 2014

Name of associate	Address
CITIC Group Corporation	Capital Mansion, 6 Xinyuannanlu, Chaoyang District, Beijing 100004, China
CITIC Glory Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
CITIC Polaris Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
CITIC Pacific Limited	32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
CITIC Corporation Limited	Capital Mansion, 6 Xinyuannanlu, Chaoyang District, Beijing 100004, China
CITIC Investment (HK) Limited	Room 2118, Hutchison House, 10 Harcourt Road, Hong Kong
CITIC Projects Management (HK) Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Keentech Group Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Starbest Venture Limited	Pasea Estate, Road Town, Tortola, British Virgin Islands
Toplight Resources Limited	Pasea Estate, Road Town, Tortola, British Virgin Islands
CITIC Resources Holdings Limited	Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong
CITIC Resources Australia Pty Ltd (CAN 107 652 817)	CITIC House, Level 7, 99 King Street, Melbourne, Victoria 3000
Bestbuy Overseas Co., Ltd	PO Box 957, Offshore Incorporations Centre, Road town, Tortola, British Virgin Islands

Annexure B

This is Annexure B of 295 pages referred to in Form 604 (Notice of change of interests of substantial holder) lodged on behalf of the entities listed in Annexure A on

Signed: ______________________

Name: CHANG Zhenming

Date: 26 Aug 2014

See attached English translation of the Share Transfer Agreement between CITIC Group Corporation, Beijing CITIC Enterprise Management Co,. Ltd and CITIC Pacific.

16 April 2014

CITIC GROUP CORPORATION

BEIJING CITIC ENTERPRISE MANAGEMENT CO., LTD

AND

CITIC PACIFIC LIMITED

Share Transfer Agreement relating to 100% of the issued shares of CITIC Limited

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CONTENTS

THIS AGREEMENT is made on 16 April 2014:

BETWEEN:

(1) **CITIC GROUP CORPORATION (中国中信集团有限公司)**, a state-owned company established under the laws of the PRC whose legal address is at Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing, PRC and whose legal representative is Chang Zhenming (the Chairman of the Board of Directors, Chinese)(***CITIC Group***)

(2) **BEIJING CITIC ENTERPRISE MANAGEMENT CO., LTD (北京中信企业管理有限公司),** a company incorporated under the laws of the PRC whose legal address is at Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing, PRC and whose legal representative is Li Fan (Chairman of the Board of Directors, Chinese) (***CITIC Enterprise Management***, together with CITIC Group as the ***Vendors***);

(3) **CITIC PACIFIC LIMITED (中信泰富有限公司)**, a company incorporated under the laws of Hong Kong whose registered address is at 32nd Floor, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong (the ***Purchaser***).

(Each of the Vendors and the Purchaser is a ***party***, and collectively, the ***parties***.)

WHEREAS

(A) CITIC Limited (中国中信股份有限公司, the ***Target***) is a joint stock limited company registered with the State Administration of Industry and Commerce, with the number of its business licence being 100000000044124. The registered address of the Target is at 6 Xinyuan Nanlu, Chaoyang District. The Target was established on 27 December 2011 by CITIC Group and its wholly owned subsidiary CITIC Enterprise Management acting as the promoters (the ***Restructuring***) with a registered capital of RMB128,000,000,000 divided into 128,000,000,000 shares. CITIC Group and the Target entered into the Restructuring Agreement of China CITIC Group and China CITIC Limited (the ***Restructuring Agreement***), a copy of which is attached hereto as Schedule 5.

(B) CITIC Group is a wholly state-owned company established under the laws of the PRC, with 100% of its equity interest being owned by the Ministry of Finance of the PRC, and owns 139,000,000,000 shares of RMB1.00 each of the Target (the ***Target Shares***), representing 100% of the total issued share capital of the Target, 139,000,000 shares of which are held through CITIC Enterprise Management, representing 0.1% of the total issued share capital of the Target.

(C) The Target distributed dividends in currency on 21 March 2014, paying RMB16,983,000,000 and RMB17,000,000 to CITIC Group and CITIC Enterprise Management respectively. CITIC Group and CITIC Enterprise Management made capital contributions in currency to the Target on 27 March 2014 in an total amount of RMB17,000,000,000.00 in proportion to their respective shareholdings, of which RMB11,000,000,000.00 was registered capital and RMB6,000,000,000.00 was capital reserves. After the capital increase, the registered capital of the Target was altered to RMB139,000,000,000.

(D) The Purchaser is a non-wholly-owned subsidiary of CITIC Group, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 267). CITIC Group indirectly holds 2,098,736,285 shares of the Purchaser, representing approximately 57.51% of the total issued share capital of the Purchaser.

(E) The wholly owned overseas subsidiaries of the Target will transfer the 2,098,736,285 shares they hold in the Purchaser to one or more of the overseas wholly-owned subsidiaries of CITIC Group, which represent 57.51% of the total issued share capital of the Purchaser, whereupon the Target will no longer hold any share of the Purchaser directly or indirectly (the ***Purchaser Equity Transfer***).

(F) The Vendors have agreed to transfer all of the Target Shares they own to the Purchaser, and the Purchaser has agreed to accept such transfer, upon the terms and conditions set out in this Agreement.

(G) As a part of the consideration to be paid for the transfer of the Target Shares under this Agreement, the Purchaser will issue a certain percentage of its shares to CITIC Group or one or more of its wholly-owned overseas subsidiaries (the ***Consideration Shares***).

(H) The Vendors and the Purchaser are willing to make certain representations, warranties and undertakings in relation to the proposed share transfer and make appropriate arrangements to give effect to the terms and conditions of the share transfer.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Words and expressions used in this Agreement shall have the meanings set out in Schedule 1.

2. TRANSFER OF THE TARGET SHARES

2.1 The Vendors agree to transfer the Target Shares held by them in the Target to the Purchase, and the Purchaser agrees to accept such transfer, upon the terms and conditions of this Agreement. The Parties agree that the Purchaser or the wholly-owned subsidiary designated by the Purchaser shall be registered as the holder of such Target Shares on the Closing Date.

2.2 Since the Closing Date, the Vendors shall no longer hold any share of the Target directly and shall cease to be a direct shareholder of the Target, and as the direct shareholder of the Target, the Purchaser or its wholly-owned subsidiary shall own all the rights and interests in the Target Shares and assume corresponding obligations and responsibilities in accordance with this Agreement, the Articles of Association of the Target and the relevant PRC laws.

2.3 If the Target carries out any ex-right activity, such as bonus issue and conversion of capital reserve into equity, after the date of execution of this Agreement and before the Closing Date, the number of the Target Shares shall be the total shares to be held by the Vendors in the Target after such bonus issue, conversion of capital reserve into equity or other ex-right activities (if applicable).

2.4 The Parties agree that all the accumulated public reserves, undistributed profits, dividends and bonuses (including cash dividends, if any) of the Target accruing in respect of the Target Shares prior to the Closing Date shall belong to the Purchaser. Subject to the written consent of the Purchaser, the Target may distribute cash dividends after the date of execution of this Agreement and before the Closing Date, the amount of which shall be deducted from the Cash Consideration of the Transfer Consideration.

3. TRANSFER CONSIDERATION AND ITS PAYMENT

3.1 Transfer Consideration

(a) Subject to the adjustment mechanism under clause 3, and taking into account of the distribution of dividends and capital increase as mentioned in clause (C) before the execution of this Agreement, the total price to be paid at Completion by the Purchaser to the Vendors for the Target Shares shall be the aggregate of RMB226,929.8730 million (the ***Transfer Consideration***). The final Transfer Consideration shall be the higher of the Transfer Consideration or the Appraised Value as approved by the Ministry of Finance. In the event the Appraised Value as approved by MOF is higher than the Transfer Consideration, in respect of the additional portion of the Transfer Consideration (in an equivalent HK$ amount as calculated at the median exchange rate between RMB and HK$ announced by PBOC on the Pricing Date), CITIC Pacific will be entitled to choose to settle such amount by (a) an issue of no more than 250,000,000 Consideration Shares at the Unit Price of Consideration Shares to CITIC Group or CITIC Group's designated wholly owned subsidiaries and/or (b) making payment in cash.

(b) Subject to the adjustment mechanism under clause 3, the Transfer Consideration under this Agreement shall be satisfied by the Purchaser (i) as to RMB177,013.1000 million of the Transfer Consideration by way of issuing the Consideration Shares to the CITIC Group in accordance with clause 3.2 below and (ii) as to RMB49,916.7730 million of the Transfer Consideration by way of paying a Hong Kong dollar equivalent in cash at the spot exchange rate to CITIC Group in accordance with clause 3.3 below.

3.2 Payment of Share Consideration

(a) The portion of the Transfer Consideration to be satisfied with shares, namely RMB177,013.1000 million (the ***Share Consideration***), shall be paid by the Purchaser by way of issuing ordinary shares (the Consideration Shares) to CITIC Group or its wholly owned subsidiaries as it designates on or before the Closing Date at a unit price of HK$13.48 per share as adjusted in accordance with adjustment mechanism set out in Schedule 6 (the ***Unit Price of Consideration Shares***) and in a number corresponding to the total amount of the Share Consideration as calculated at the middle exchange rate between Renminbi and the Hong Kong dollar published by the People's Bank of China on Pricing Date for determining the Transfer Consideration (namely HK$223,481.6368 million as calculated at the rate of HK$1.00 to RMB0.79207). The number of the Consideration Shares shall be equal to:

$$\frac{\text{Share Consideration}}{\text{Unit Price of Consideration Shares (as adjusted, if applicable)}}$$

(b) Based on the market condition, the Purchaser may adjust the Share Consideration in accordance with the provisions of clause 3.4 relating to the adjustment of payment terms and shall meet the following conditions at the same time:

(i) Upon the completion of the issuance of the Consideration Shares and the Placement Shares, the total public float percentage of the Purchaser's shares shall not be less than 15% of the total issued share capital of the Purchaser;

(ii) Upon the completion of the issuance of the Consideration Shares and the Placement Shares, the number of the total issued shares of the Purchaser shall not exceed 24,903,323,630.

(c) Prior to the Closing Date, the Purchaser shall give effect to the issuance of the Consideration Shares in a timely manner in accordance with the Hong Kong Listing Rules and applicable provisions of the laws of Hong Kong, including but not limited to convening the general meeting and filing the relevant applications to the Hong Kong Stock Exchange and/or the SFC, and complete the issuance of the Consideration Shares upon the fulfilment of the conditions set out in clause 4 and on or before the Closing Date so that CITIC Group or one or more of its wholly-owned overseas subsidiaries as designated by it can be registered as the holder of the Consideration Shares, and shall on the Closing Date provide CITIC Group with conclusive evidence of such registration.

3.3 **Payment of Cash Consideration**

(a) Subject to the agreement in clause 3.2(b), the portion of the Transfer Consideration to be paid in cash, namely RMB49,916.7730 million, shall be paid by the Purchaser to a bank account designated by CITIC Group in an equivalent Hong Kong dollar amount in cash as calculated at the middle spot exchange rate between Renminbi and the Hong Kong dollar published by the People's Bank of China on the Pricing Date for determining the Transfer Consideration (namely HK$63,020.6585 million, as calculated at the rate of HK$1.00 to RMB0.79207).

(b) Notwithstanding the provisions of clause 3.3(a), subject to the provisions of applicable laws and the written consent of the Vendors, the Purchaser may elect to pay the whole or a part of the Cash Consideration specified in clause 3.3(a) within one year of the Closing Date.

(c) Based on the market condition and subject to the provisions of clause 3.4 relating to the adjustment of payment terms, the Purchaser may adjust the amount of the Cash Consideration set out herein as appropriate.

(d) The portion of Consideration to be paid in cash shall raised by the Purchaser through placing or its own cash resources, bank loans, or other means.

3.4 **Adjustment of the Payment Terms of the Transfer Consideration**

(a) Considering the fact that the closing of the share transfer under this Agreement is subject to certain conditions as specified in clause 4, including without limitation obtaining approvals from certain governmental authorities, and it will take some time to obtain such approvals, the Parties agree that the Purchaser has the right to make appropriate adjustment to the amount of the Cash Consideration specified in clause 3.3

above based on the market condition, provided that the specific method, amount and extent of such adjustment shall be subject to provisions of clause 3.4(b). Among other things, if the Purchaser chooses to reduce the amount of the Cash Consideration specified in clause 3.3 above, any difference arising out of such adjustment from the amount of the Cash Consideration specified in clause 3.2 above shall be paid by the Purchaser by way of issuance of additional Consideration Shares in accordance with clause 3.2 or by other means.

(b) The Parties agree that, unless unanimously waived by the Parties in writing, the following conditions shall be met before making any adjustment under clause 3.4:

(i) Subject to clause 2.4, such adjustment shall not change the total amount of the Transfer Consideration;

(ii) Such adjustment shall not have any material adverse impact on the taxes payable by each Party to this Agreement;

(iii) Such adjustment shall not prevent or unreasonably delay the closing of the share transfer and/or the issuance of the Consideration Shares under this Agreement;

(iv) Such adjustment shall not cause any effect that is in conflict with any of the conditions specified in clause 3.2(b); and

(v) Such adjustment shall not result in the shareholding of CITIC Group in the Purchaser to be less than 51% upon Completion.

4. CONDITIONS PRECEDENT

4.1 Completion of the sale and purchase of the Target Shares shall be conditional upon the fulfilment of the following conditions:

(a) approval from the shareholders of the Purchaser: resolutions of the independent shareholders of the Purchaser shall have been passed approving (i) the transactions contemplated under this Agreement; and (ii) the issuance of the Consideration Shares;

(b) approvals from the regulatory authorities: all regulatory approvals required to be granted by the regulatory authorities in relation to the transactions contemplated under this Agreement shall have been granted, including but not limited to the approvals of the Ministry of Finance, the Ministry of Commerce, the China Securities Regulatory Commission and other domestic regulatory authorities, the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares on the Hong Kong Stock Exchange, and the Hong Kong Securities and Futures Commission having granted waiver from making mandatory general offer, and such regulatory approvals not having been revoked before the Closing Date;

(c) the Purchaser Equity Transfer: the Purchaser Equity Transfer shall have been completed and the Target will no longer directly or indirectly hold any equity interest in the Purchaser;

(d) fundraising by the Purchaser: the Purchaser shall have raised sufficient fund to pay the Cash Consideration (as adjusted, if applicable) through placing or other means;

(e) representations and warranties: each of the representations and Warranties of the Vendors contained in this Agreement shall be true and accurate as of the date hereof and as at the Closing Date.

4.2 The Parties shall use their best efforts to the extent reasonable to procure all of the conditions precedent set out in clause 4.1 above to be fulfilled within 12 months of the date of this Agreement (or such longer period as may be agreed upon by the Parties) (the ***Long Stop Date***). To the extent permitted by the law, a Condition Precedent to be satisfied by a Party (as the case may be) may be waived by the other Party in writing. If any Condition Precedent under this Agreement is not fulfilled due to the breach of agreement by any Party, such Party shall be liable to the other Party for damages caused by such breach.

4.3 If any of the Conditions Precedent has not been fulfilled (or waived) by the Long Stop Date, this Agreement (other than clauses 1, 10, 11, 14 to 16, 19 to 20 and Schedule 1, which shall continue to be in force) shall automatically terminate and no party shall have any claim of any nature whatsoever against the other parties under this Agreement (save in respect of its accrued rights arising from any prior breach of this Agreement).

5. PRE-COMPLETION UNDERTAKINGS

5.1 Pending Completion, each of the Vendors (to the extent lawfully permitted and that the directors of the Target will not breach his own fiduciary duties) shall use all reasonable efforts to make sure that, subject to any mandatory requirements of the applicable laws, the business of the Target Group Companies be conducted in a normal way. The Vendors shall use reasonable efforts to preserve the structural integrity of the Target Group Companies and maintain their material existing relationships with customers, suppliers, creditors, business partners and other persons having business contacts with them so that on the Closing Date their business continuity will not be damaged.

5.2 No dividend or other distribution shall be declared, paid or made by the Target without prior written consent of the Purchaser.

5.3 The Target shall not create, allot or issue any shares, loan capital, securities convertible into shares of the Target or any option or right to subscribe in respect of any shares of the Target, loan capital or share option or subscription right related with securities convertible into shares of the Target without prior written consent of the Purchaser.

5.4 Except (a) the transactions under this Agreement or (b) with the prior written consent of the Purchaser or (c) in the ordinary and usual course of business or in consistency with past practices, the Vendors shall not enter into any transaction or take any action or measure that will cause any material change in or any material uncertainty about the assets, business, liabilities or other important aspect of any of the Target Group Companies and will cause any material adverse impact on the performance of this Agreement.

5.5 CITIC Group shall procure the Target Group Companies to obtain the consents of third-party creditors required for the transaction under this Agreement. Before the Completion, if a part of the debts of the Target Group Companies are assumed by CITIC Group with the consent of the relevant creditors, then after the payment by CITIC Group of the principal amounts and interest as agreed upon in the relevant credit agreements to the relevant creditors, the Target Group Companies shall repay such amounts to CITIC Group. If the Target Group Companies fails to obtain such consents and any such creditor makes a claim for repayment against the Target Group Companies but the Target Group Companies is unable to make such repayment when it becomes due and payable, CITIC Group shall make such repayment in place of the Target Group Companies which shall then pay the principal amount and interest to CITIC Group in accordance with the relevant credit agreement.

5.6 For the purposes of this Agreement, CITIC Group shall procure the Target to comply with the relevant internal decision-making procedures and complete any necessary application and approval formalities.

5.7 The Purchaser shall use all reasonable efforts to obtain all the consents required to be given to the Purchaser by third parties for the completion of the transaction contemplated hereunder.

6. COMPLETION

6.1 The sale and purchase of the Target Shares shall be completed on a date agreed upon by the Parties in writing following the fulfilment to the reasonable satisfaction of the Purchaser (or waiver where applicable) of all the Conditions Precedent (the ***Closing Date***), when the Parties shall deliver the documents specified in clause 6 at Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing.

6.2 The Vendors shall or procure the Target to:

(a) deliver duly passed resolutions of the board of directors of the Vendors approving this Agreement and the transactions contemplated under this Agreement and documents evidencing regulatory approvals (as the case may be) to the Purchaser;

(b) deliver duly passed resolutions of the general meeting of shareholders and the board of directors of the Target approving the transfer of Target Shares from the Vendors to the Purchaser or one of its wholly-owned subsidiaries designated by it; and

(c) take all actions to legally and effectively transfer the Target Shares to the Purchaser or one of its wholly-owned subsidiaries designated by it, including not limited to the filing with the relevant competent authorities and delivering industrial and commercial registration documents evidencing that the Purchaser has become the shareholder of the Target.

6.3 The Purchaser shall:

(a) pay the Cash Consideration to the Vendors as agreed in clause 3.3(a) or pay the Cash Consideration in full within one year of the Closing Date subject to the consent of the Vendors as stipulated in clause 3.3(b) or, if part of the Cash Consideration has already been paid to the Vendors, pay the remainder of the Cash Consideration within one year of the Closing Date subject to the consent of the Vendors;

(b) cause the Consideration Shares to be allotted and issued to the Vendors or their nominees as agreed in this Agreement;

(c) deliver verified copies of duly passed resolutions of the shareholders and the board of directors of the Purchaser; and

(d) take all actions to register, file or obtain necessary approvals to effect corporate changes of the Purchaser, including but not limited to the change of the company name and the amendments to the memorandum and articles of association.

6.4 If any of the Vendors or the Purchaser fails or is unable to perform any material obligation required to be performed by the Vendors or the Purchaser by the Closing Date, the counter party shall not be obliged to complete the sale and purchase of the Target Shares and may, in its absolute discretion, by written notice to the defaulting party:

(a) rescind this Agreement without liability on the part of the counter party; or

(b) elect to defer the Completion by not more than 180 days to such other date as it may specify in such notice, in which event the provisions of this clause 6.4 shall apply, mutatis mutandis, if the defaulting party is unable to perform any such obligations on such other date.

6.5 After the Closing Date, CITIC Group of its wholly-owned subsidiary, as the registered shareholder of the Purchaser, will exercise its rights as a shareholder in accordance with applicable laws and the articles of association of the Purchaser to propose to the Purchaser amendments to its articles of association (if applicable) to be approved by the general meeting of the Purchaser in accordance with applicable laws and its articles of association.

7. INDEMNITY

7.1 Each of the Vendors jointly and severally represents, warrants and undertakes to the Purchaser in the terms of the Warranties as set out in Part A of Schedule 3 and acknowledges that the Purchaser has entered into this Agreement in reliance upon the Vendors' Warranties.

7.2 The Purchaser represents, warrants and undertakes to the Vendors in terms of the Warranties as set out in Part B of Schedule 3 and acknowledges that the Vendors have entered into this Agreement in reliance upon the Purchaser's Warranties.

7.3 Each of the Parties jointly and severally undertakes that it shall pay in cash to the other Parties (each an ***Indemnified Person***) by way of indemnity on demand in the case of a breach of any of the Warranties, a sum equal to the aggregate of (i) the amount which, if received by the Indemnified Person, would be necessary to put that Indemnified Person into the financial position which would have existed had there been no breach of the Warranty in question; and (ii) all Costs suffered or incurred by the Indemnified Person, directly or indirectly, as a result of or in connection with such breach of Warranty.

7.4 Each of the Warranties shall be construed as a separate Warranty and (save as expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.

7.5 The Warranties shall be deemed to be repeated immediately before Completion with reference to the facts and circumstances then existing.

7.6 Each of the Vendors undertakes to notify the Purchaser in writing promptly if it becomes aware of any circumstance arising after the date of this Agreement which would cause any of the Vendors' Warranties set out in Schedule 3 (if the Warranties were repeated with reference to the facts and circumstances then existing) to become untrue or inaccurate or misleading in any respect which is material to the financial condition, trading position or prospectus of any of the Target Group Companies.

8. LIMITATIONS ON INDEMNITY

8.1 Time Limit: To make a claim, a Party shall issue a written notice to the other Party within one year of the Closing Date, which shall include details then available of the matter giving rise to such claim.

8.2 Minimum Amount of Claim: Only when the amount of liabilities under a claim (for the purposes hereof, several claims resulting from any matters, facts, events or circumstances concerning the same or similar subject matter may be aggregated and constitute one single claim) exceeds 2% of the Transfer Consideration may a Party make such claim against the other Party in accordance with clause 7, in which case the Party making such claim can claim for the whole amount rather than the mere portion exceeding 2% of the Transfer Consideration.

8.3 For any claim in relation to any breach of the Warranties, if the fact, matter, event or circumstance giving rise to such claim:

(a) has been disclosed in any public document; or

(b) has been expressly included in the calculation of the amount of any provision (***Provision***) in the Accounts and such Provision is sufficient to cover the amount payable by the undertaking Party in respect of such claim,

the undertaking Party shall not be liable for such claim.

8.4 The aggregate amount of the liability of a Party for all indemnities shall not exceed 20% of the Transfer Consideration.

8.5 None of the limitations contained in clause 8.1 shall apply to any breach of any Warranty which (or the delay in discovery of which) is the consequence of dishonest, deliberate or reckless misstatement, concealment or other conduct by any Party.

9. WITHHOLDING TAX AND GROSSING UP

9.1 Each Party shall pay all sums payable under clause 7 free and clear of all deductions or withholdings unless the law requires so. If a deduction or withholding is so required the Party shall pay such additional amount as will ensure that the net amount the payee receives equals the full amount which it would have received had the deduction or withholding not been required.

9.2 If any Tax Authority brings any sum paid by a Party under or pursuant to clause 7 into charge to tax, then such party shall pay such additional amount as will ensure that the total amount paid, less the tax chargeable on such amount, is equal to the amount that would otherwise be payable under clause 7.

10. ENTIRE AGREEMENT

10.1 This Agreement constitutes the entire agreement and understanding between the parties in connection with the sale and purchase of the Target Shares. This Agreement supersedes all prior agreements or understandings in connection with the subject matter hereof which shall cease to have any further force or effect. No party has entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set out or referred to in this Agreement.

11. VARIATION

11.1 No variation of this Agreement (or of any of the legally binding agreements referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the parties to it. The expression “variation” shall include any variation, supplement, deletion or replacement however effected.

11.2 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation, and the rights and obligations of the parties under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

12. ASSIGNMENT

12.1 Neither of the Vendors shall assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the Purchaser. Any purported assignment in contravention of this clause 12 shall be void.

13. COSTS

13.1 The parties shall bear taxes incurred in connection with the negotiation, preparation and completion of this Agreement in accordance with the applicable laws, regulations and policies. Each of the Parties shall bear its own Costs (other than taxes) incurred in connection with the negotiation, preparation and completion of this Agreement.

14. CONFIDENTIALITY

14.1 Each of the parties undertakes with each other that it shall keep confidential (and to ensure that its directors, officers, employees, agents and professional and other advisers keep confidential) any information in its possession (whether before or after the date of this Agreement):

(a) in relation to the customers, business, assets or affairs of the Target Group Companies (including any data held by the Target Group Companies); or

(b) which relates to the negotiations or contents of this Agreement (or any agreement or arrangement entered into pursuant to this Agreement),

provided that the undertakings contained in this clause 14 shall not apply to any information which is in or has entered the public domain or is required to be disclosed pursuant to the applicable laws, regulations or the Hong Kong Listing Rules.

Each of the parties shall not use for its own business purposes or disclose to any third party any such information (collectively ***Confidential Information***) without the consent of each other.

15. SEVERABILITY

15.1 If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

16. COUNTERPARTS

16.1 This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, all of which shall be of equal legal validity.

17. WAIVER

17.1 No failure or delay by any parties hereto in exercising any right or remedy provided by law under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

17.2 The rights and remedies of the parties hereto under or pursuant to this Agreement are cumulative, may be exercised as often as such party considers appropriate and are in addition to its rights and remedies under general law.

18. FURTHER ASSURANCES

18.1 Each of the Vendors agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the Purchaser may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated by it and for the purpose of vesting in the Purchaser the full benefit of the assets, rights and benefits to be transferred to the Purchaser under this Agreement.

19. NOTICES

19.1 Any notice or other communication to be given by one party to any other party under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the party giving it. It shall be served by sending it by fax to the number set out in clause 19.2, or delivering it by hand, or sending it by pre-paid recorded delivery or registered post, to the address set out in clause 19.2 and in each case marked for the attention of the relevant party set out in clause 19.2 (or as otherwise notified from time to time in accordance with the provisions of this clause 19). Any notice so served by hand, fax or post shall be deemed to have been duly given:

(a) in the case of delivery by hand, when delivered;

(b) in the case of fax, upon confirmation of transmission;

(c) in the case of prepaid recorded delivery or registered post, at 10:00 a.m. on the fifth Business Day following the date of posting provided that in each case where delivery by hand or by fax occurs after 6:00 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9:00 a.m. on the next following Business Day.

References to time in this clause are to local time in the country of the addressee.

19.2 The addresses and fax numbers of the parties for the purpose of clause 19.1 are as follows:

CITIC Group:

Address:	Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing, 100004, China
Fax:	8610 84868819
For the attention of:	Board Office

CITIC Enterprise Management:

Address:	Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing, 100004, China
Fax:	8610 59660647
For the attention of:	Tian Hao

The Purchaser:

Address:	32nd Floor, CITIC Tower 1, Tim Mei Avenue Central, Hong Kong
Fax:	852 2918 4838
For the attention of:	Company Secretary Office

19.3 A party may notify any other party to this Agreement of a change to its name, relevant addressee, address or fax number for the purposes of this clause 19, provided that, such notice shall only be effective on:

(a) the date specified in the notice as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date following five Business Days after notice of any change has been given.

19.4 All notices under or in connection with this Agreement shall be in the English or Chinese language.

20. GOVERNING LAW AND JURISDICTION

20.1 This Agreement shall be executed in Chinese. The execution, delivery and performance of this Agreement shall be governed by, and interpreted in accordance with, the laws of the PRC.

20.2 Each of the parties agrees that any disputes (including claims for set-off and counterclaims) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, this Agreement or otherwise arising in connection with this Agreement, shall be submitted to China International Economic and Trade Arbitration Committee (***CIETAC***) for arbitration by CIETAC in accordance with its arbitration rules then in force.

20.3 The arbitral award shall be final and binging upon the Parties.

SCHEDULE 1

DEFINITIONS AND INTERPRETATION

1. In this Agreement, the following expressions shall have the following meanings:

Accounts means in relation to the Target (excluding the Purchaser) prepared in accordance with the HKFRS:

(a) the audited consolidated balance sheets of the Target as of 31 December 2013 in respect of that financial period; and

(b) the audited consolidated statements of income, owner's equity and cash flows of the Target for the 12 months ended 31 December 2013,

together with any notes, reports or statements included in or annexed to them, the copies of which are set out in Schedule 4;

Accounts Date means 31 December 2013;

Appraisal Date means 31 December 2013, a base date on which the net assets of the Target was appraised by the PRC Valuer;

Appraised Value means the total net asset value of the Target on the Appraisal Date as appraised by the PRC Valuer;

Business Day means a day (excluding Saturdays and Sundays) which is not a statutory public holiday in the PRC or Hong Kong;

Claim means any claim for breach of a Warranty;

Closing Date means the date specified in clause 6.1 hereof;

Companies Ordinance means the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;

Completion means completion of the sale and purchase of the Target Shares under this Agreement;

Conditions Precedent means the conditions specified in clause 4.1 of this Agreement;

Consideration Shares means the shares of the Purchaser to be issued to satisfy its obligation of payment to acquire the Target Shares;

Costs means liabilities, losses, damages, costs (including legal costs) and expenses (including taxation), in each case of any nature whatsoever;

HK$ or ***HK dollars*** means Hong Kong dollars, the lawful currency of Hong Kong;

HKFRS means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

Hong Kong means the Hong Kong Special Administrative Region of the PRC;

Hong Kong Listing Rules means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

Hong Kong Stock Exchange means The Stock Exchange of Hong Kong Limited;

Placement Shares means the shares to be issued by the Purchaser pursuant to the Purchaser Placement;

Purchaser Placement means the placement of shares that the Purchaser may elect to effect prior to the Completion based on the market condition.

PRC or ***China*** means the People's Republic of China but for the purposes of this Agreement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

PRC Valuer means China Enterprise Appraisals Co., Ltd.;

Pricing Date means 24 March 2014;

Transfer Consideration has the meaning set out in clause 3.1 of this Agreement;

RMB means Renminbi, the lawful currency of the PRC;

Unit Price of Consideration Shares means the unit price of shares issued by the Purchaser to satisfy the consideration payable for the acquisition of the Target Shares, which shall initially be HK$13.48 per share and shall be adjusted in accordance with clause Schedule 6 (if applicable);

Appraised Value means the net asset value of the Target on the Appraisal Date as determined by the PRC Valuer;

Schedules means Schedule 1 to Schedule 6, to this Agreement and ***Schedule*** shall be construed accordingly;

Security Interest means any security interest of any nature whatsoever including, without limitation, any mortgage, charge, pledge, lien, assignment by way of security or other encumbrance, options, equities, claims or other third party rights (including rights of pre-emption) of any nature whatsoever, together with all rights attaching to them;

subsidiary and s***ubsidiaries*** shall be construed in accordance with section 2 of the Companies Ordinance;

Target means CITIC Limited (中国中信股份有限公司), a company incorporated under the laws of the PRC;

Target Group Companies means the Target and its major subsidiaries, a list of which is set out in note 55(a) of Schedule 4 (*Accounts*);

Target Shares means 139,000,000,000 shares of the Target, representing 100% of the total issued shares of the Target, details of which are set out in Schedule 2;

Trading Day means a day when the Hong Kong Stock Exchange is open for dealing business;

US$ means US dollars, the lawful currency of the United States of America;

Vendor Group Company means CITIC Group and any subsidiary from time to time of CITIC Group (but excluding the Purchaser and its subsidiaries and the Target Group Companies); and

Warranties means the Vendors' Warranties and Purchaser's Warranties set out in Schedule 3.

2. In this Agreement, unless the context otherwise requires:

(a) references to ***persons*** shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;

(b) the ***headings*** are inserted for convenience only and shall not affect the construction of this Agreement;

(c) any reference to an ***enactment*** or ***statutory provision*** is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted;

(d) any statement qualified by the expression ***to the knowledge of the Vendors*** or any similar expression shall be deemed to include an additional statement that it has been made after due and careful enquiry and shall be deemed also to include the best of the knowledge of each Vendor Group Company.

3. The Schedules comprise schedules to this Agreement and form part of this Agreement.

SCHEDULE 2

Details of the Target

1.	**Name:**	CITIC Limited
2.	**Date of Incorporation:**	December 27, 2011
3.	**Place of Incorporation:**	PRC
4.	**Class of Company:**	Joint stock company with limited liability
5.	**Registered Number:**	100000000044124
6.	**Registered Office:**	Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing, 100004, China
7.	**Directors:**	**Chairman**: Chang Zhenming **Vice Chairman**: Wang Jiong **Executive Directors**: Dou Jianzhong Zhao Jingwen **Directors**: Yu Zhensheng Qu Yonglan Yang Jinming Cao Pu
8.	**Registered Shareholders:**	CITIC Group – 138,861,000,000 shares CITIC Enterprise Management – 139,000,000 shares
9.	**Registered Capital:**	139,000,000,000 shares of RMB1.00 each
10.	**Mortgages and Charges on Target Shares:**	None

SCHEDULE 3

THE WARRANTIES

Part A Vendors' Warranties

Each of the Vendors jointly and severally represents and warrants to the Purchaser as set forth below.

1. **INFORMATION**

1.1 The Vendors have delivered to the Purchaser adequate records of matters that are required to be recorded in accordance with all applicable laws and prudent business practices as well as the relevant information that gives a true and fair view of the daily transactions, assets, liabilities and business of the Target Group Companies. All information relating to the Target Group Companies provided by the Vendors to the Purchaser or its representatives and advisers is true, accurate and not misleading and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

1.2 Save as already disclosed to the Purchaser, there are no other facts or matters which might reasonably be expected to have a material adverse change to the financial condition, business operations, trading position, assets, liabilities (including contingent liabilities), real property interests of any of the Target Group Companies.

2. **INCORPORATION AND GOOD STANDING**

2.1 Each of the Target and Target Group Companies: (a) is a legal entity duly incorporated, validly in existence and duly registered and is in good standing under the laws of its jurisdiction of incorporation (which means for the purposes of this Agreement that it does not cease to exist in its jurisdiction of incorporation due to its deregistration by the relevant company registry as a result of its failure to submit any filings to any governmental authority or pay any governmental fees); and (b) has all requisite corporate or similar power and authority to own, operate and lease its assets and to carry on its principal business as currently conducted.

3. **TARGET AND TARGET SHARES**

3.1 The information in respect of the Target as set out in Schedule 2 is true and accurate in all material respects.

3.2 All of the Target Shares: (i) are beneficially and legally owned by the Vendors and free from any Security Interest; (ii) have been duly authorized, validly issued and are fully paid up. The Vendors are entitled to transfer the full ownership of the Target Shares to Purchaser on the terms set out in this Agreement.

3.3 There are no outstanding options, warrants, convertible securities or other rights (including preemptive rights) or agreements relating to the Target Shares.

3.4 The Target Shares are not subject to any Security Interest.

4. AUTHORIZATION AND BINDING OBLIGATIONS

4.1 Each of the Vendors has all necessary corporate or similar power and authority to make, execute and deliver this Agreement and to perform all of the obligations to be performed by each of them hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each of the Vendors of this Agreement and the consummation by them of the transactions contemplated in this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Vendors. This Agreement will constitute the legal, valid and binding obligation of the Vendors, enforceable against each of them in accordance with its terms.

4.2 The execution and delivery by the Vendors of this Agreement, and the performance and completion of the transactions herein contemplated: (a) will not infringe any applicable laws or regulations; (b) will not result in any breach of the terms of, or constitute a default under, its constitutional documents and business license (as applicable) or any instrument, agreement or governmental, regulatory or other judgment, decree or order to which any of the Vendors is a party or by which it or its property is bound; and (c) will not conflict with any of the certificates, licenses or permits of any of the Vendors that enable it to carry on the business or operations now operated by it.

5. LITIGATION

5.1 As of the date hereof, except as disclosed to the Purchaser, there is no material litigation pending against any Target Group Company or any assets of the Target Group Companies, in each case that individually or in the aggregate would reasonably be expected to have a material adverse effect on the operations of the Target Group. There are no judgments, injunctions, writs, orders or decrees binding upon any Target Group Company that individually or in the aggregate would reasonably be expected to have a material adverse effect.

5.2 The Vendors are not aware of any circumstances which are likely to give rise to any such proceeding, investigation or inquiry as is referred to in paragraph 5.1 above.

6. FINANCIAL STATEMENTS

6.1 The Accounts have been derived from the accounting books and records of the Target and have been prepared in accordance with HKFRS. The Accounts give a true and fair view of the state of affairs and of the profit and cash flows of the Target as at, and for the period ended on the Accounts Date, in each case in accordance with HKFRS.

6.2 The books of account and other financial records of the Target Group Companies have been maintained in all material respects in accordance with good business and accounting practices and the applicable laws and regulations.

6.3 Without limiting the generality of paragraph 6.1:

(a) the Accounts of the Target either make full provision for or disclose all liabilities (whether actual, contingent or disputed and including financial lease commitments and pension liabilities), all outstanding capital commitments and all bad or doubtful debts of the Target as at the Accounts Date, in each case in accordance with applicable accounting principles;

(b) the Accounts of the Target for each of the periods ended on the Accounts Date were prepared under the historical convention, complied with the requirements of all relevant laws and regulations then in force and with all statements of standard accounting practice (or financial reporting standards) and applicable accounting principles then in force;

(c) the rate of depreciation adopted by the Target in its Accounts for the 12-month period ended on the Accounts Date was sufficient for each of the fixed assets of the Target to be written down to nil by the end of its useful life;

(d) except as stated in its Accounts, no changes in the accounting policies were made by the Target in the 12-month period ended on the Accounts Date;

(e) the results shown by the Accounts of the Target for the 12-month period ended on the Accounts Dates were not (except as therein disclosed) affected by any extraordinary or exceptional item or by any other factor rendering such results for all or any of such periods unusually high or low.

7. POSITION SINCE THE ACCOUNTS DATE

7.1 Since the Accounts Date and compared to the Accounts, there has been no material adverse change to the financial condition, business operations, trading position, assets, liabilities (including contingent liabilities), real property interests of each of the Target Group Companies.

8. REGULATORY MATTERS

8.1 Save as disclosed to the Purchaser, each Target Group Company has obtained all important licenses, permissions, authorisations and consents required for carrying on its principal business effectively in the places and in the manner in which such business is now carried on, except where it will not have any material adverse effect.

8.2 Save as disclosed to the Purchaser, the licenses, permissions, authorisations and consents referred to in paragraph 8.1 are in full force and effect, not expired or subject to any unusual or onerous conditions and have been complied with in all respects, except where it will not have any material adverse effect.

8.3 Save as disclosed to the Purchaser, to the knowledge of the Vendors, there are no circumstances which indicate that any of the licenses, permissions, authorisations or consents referred to in paragraph 8.1 will or are likely to be revoked or not renewed, in whole or in part, whether as a result of the acquisition of the Target Shares by the Purchaser or for any other reason, except where it will not have any material adverse effect.

8.4 Save as disclosed to the Purchaser, each Target Group Company has conducted its business and corporate affairs in accordance with its business license and with all applicable laws and regulations (whether of the PRC, Hong Kong or any other jurisdiction) , except where it will not have any material adverse effect.

9. TAXES

9.1 Save as disclosed to the Purchaser, each of the Target Group Companies has complied in all material respects with all statutory provisions, rules, regulations, orders and directions concerning profits or corporate tax, value-added tax, land value-added tax, business tax, stamp duty and all other tax in their respective jurisdictions, except where it will not have any material adverse effect.

9.2 Save as disclosed to the Purchaser, each of the Target Group Companies has duly, within appropriate time limits, made all returns and supplied information required to be supplied to the relevant tax authorities. Such information was when provided complete and accurate and was made on a proper basis, except where it will not have any material adverse effect.

9.3 Save as disclosed to the Purchaser, no Target Group Company has been subject to any material penalty by any Tax Authorities and no Target Group Company is involved in any material dispute or investigation with any Tax Authority, except where it will not have any material adverse effect.

10. INSOLVENCY

10.1 Save as disclosed to the Purchaser, no order has been made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of any Target Group Company or for the appointment of any provisional liquidator. No petition has been presented for an administration order to be made in relation to any Target Group Company, and no receiver (including any administrative receiver) has been appointed in respect of the whole or any part of any of the property, assets and/or undertaking of any Target Group Company, except where it will not have any material adverse effect.

10.2 Save as disclosed to the Purchaser, no composition in satisfaction of the debts of any Target Group Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members, has been proposed, sanctioned or approved, except where it will not have any material adverse effect.

10.3 Save as disclosed to the Purchaser, no distress, distraint, charging order, garnishee order, execution or other process has been levied or applied for in respect of the whole or any part of any of the property, assets and/or undertaking of any Target Group Company, except where it will not have any material adverse effect.

Part B Purchaser's Warranties

The Purchaser represents and warrants to the Vendors as set forth below.

1. The Purchaser is a legal entity duly incorporated, validly in existence and duly registered and is in good standing under the laws of its jurisdiction of incorporation;

2. The Purchaser has all necessary corporate or similar power and authority to make, execute and deliver this Agreement and to perform all of the obligations to be performed by it hereunder and to consummate the transactions contemplated hereby. This Agreement will constitute the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms;

3. The execution and delivery by the Purchaser of this Agreement, and the performance and completion of the transactions herein contemplated: (a) will not infringe any applicable laws or regulations; and (b) will not result in any breach of the terms of, or constitute a default under, its constitutional documents and business license (as applicable) or any instrument, agreement or governmental, regulatory or other judgment, decree or order to which the Purchaser is a party or by which it or its property is bound.

SCHEDULE 4

ACCOUNTS

CITIC Limited

Combined financial statements for the years ended
31 December 2011, 2012 and 2013

KPMG Huazhen
(Special General Partnership)
8th Floor, Tower E2
Oriental Plaza
1 East Chang An Avenue
Beijing 100738
China

毕马威华振
会计师事务所
(特殊普通合伙)
中国北京
东长安街1号
东方广场东2办公楼8层
邮政编码：100738

Telephone 电话 +86 (10) 8508 5000
Fax 传真 +86 (10) 8518 5111
Internet 网址 kpmg.com/cn

Independent auditor's report to the board of directors of CITIC Limited

(Established in the People's Republic of China with limited liability)

We have audited the combined financial statements of CITIC Limited (the "Company") and its subsidiaries but excluding CITIC Pacific Limited and the subsidiaries of CITIC Pacific Limited (the "Group") set out on pages 3 to 202, which comprise the combined and Company balance sheets as at 31 December 2011, 2012 and 2013, the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the combined financial statements

The directors of the Company are responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the basis of preparation and accounting policies set out in note 2 to these combined financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. This report is made solely to you, as a body, in accordance with our 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

Independent auditor's report to the board of directors of CITIC Limited (continued)

(Established in the People's Republic of China with limited liability)

Auditor's responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011, 2012 and 2013 and of the Group's combined results and cash flows for each of the years ended 31 December 2011, 2012 and 2013 in accordance with the basis of preparation and accounting policies set out in note 2 to these combined financial statements.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to note 2 to the combined financial statements, which describes the basis of accounting and preparation. The combined financial statements are prepared in connection with the proposed acquisition of the Group by CITIC Pacific Limited. As a result, the combined financial statements may not be suitable for another purpose.

KPMG Huazhen

KPMG Huazhen

(Special General Partnership)

Beijing, The People's Republic of China

Combined income statements
for the years ended 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest income		107,481	139,723	164,139
Interest expenses		(40,855)	(62,819)	(77,576)
Net interest income	5(a)	66,626	76,904	86,563
Fee and commission income		12,445	15,922	23,123
Fee and commission expenses		(627)	(984)	(1,508)
Net fee and commission income	5(b)	11,818	14,938	21,615
Sales of goods and services	5(c)	117,519	127,762	141,356
Other revenue	5(d)	2,800	2,986	2,255
		120,319	130,748	143,611
Total revenue		198,763	222,590	251,789
Cost of sales and services	6	(102,908)	(112,202)	(125,340)
Other net income		8,758	5,288	6,094
Impairment losses on	7(c)			
– Loans and advances to customers		(6,220)	(12,709)	(10,739)
– Others		(3,027)	(3,105)	(2,933)
Other operating expenses		(37,760)	(44,452)	(51,923)
Net valuation gain on investment properties	29(a)	69	80	118
Share of profit of associates, net of tax		4,826	1,326	2,048
Share of profit of joint ventures, net of tax		345	768	526
Profit before net finance charges and tax		62,846	57,584	69,640
Finance costs		(2,659)	(3,859)	(4,615)
Finance income		635	1,276	1,152
Net finance charges	7(a)	(2,024)	(2,583)	(3,463)

Combined income statements for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Profit before tax	7	60,822	55,001	66,177
Income tax	8	(15,366)	(14,242)	(16,500)
Profit for the year		45,456	40,759	49,677
Attributable to:				
Equity shareholders of the Company		31,700	28,404	34,260
Non-controlling interests		13,756	12,355	15,417
Profit for the year		45,456	40,759	49,677
Earnings per share (RMB)	12			
Basic and diluted		0.25	0.22	0.27

Combined statements of comprehensive income for the years ended 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Profit for the year		45,456	40,759	49,677
Other comprehensive income (after tax and reclassification adjustments)	13			
Items that have been reclassified or may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets: net movement in fair value reserve		(68)	(267)	(4,684)
Cash flow hedge: net movement in hedging reserve		-	44	(159)
Share of other comprehensive income of associates and joint ventures		(794)	214	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures		(1,145)	258	(1,230)
Other comprehensive income for the year, net of tax		(2,007)	249	(5,284)
Total comprehensive income for the year		43,449	41,008	44,393
Attributable to:				
Equity shareholders of the Company		30,163	28,480	30,078
Non-controlling interests		13,286	12,528	14,315
Total comprehensive income for the year		43,449	41,008	44,393

The notes on pages 17 to 202 form part of these financial statements.

Combined balance sheets
as at 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Assets				
Cash and deposits	15	785,580	713,323	680,285
Placements with banks and non-bank financial institutions	16	151,004	151,803	122,314
Financial assets at fair value through profit or loss	17	8,617	14,057	12,310
Derivative financial assets	18	4,741	4,254	7,768
Trade and other receivables	19	52,880	58,032	59,645
Amount due from customers for contract work		2,284	1,416	1,374
Inventories	20	73,627	88,564	83,695
Financial assets held under resale agreements	21	162,210	69,082	287,247
Loans and advances to customers and other parties	22	1,416,691	1,634,293	1,903,049
Available-for-sale financial assets	23	144,174	228,306	215,396
Held-to-maturity investments	24	107,827	134,405	154,792
Investments classified as receivables	25	-	56,435	300,158
Interests in associates	27	30,050	31,479	35,696
Interests in joint ventures	28	8,313	9,066	9,324
Fixed assets	29	33,498	36,144	47,038
Investment properties	29	5,298	4,500	4,681
Intangible assets	30	7,283	9,606	12,414
Goodwill	31	3,030	3,045	2,967
Deferred tax assets	32(b)	5,381	8,427	10,930
Other assets	33	12,209	14,757	14,620
Total assets		3,014,697	3,270,994	3,965,703

Combined balance sheets
as at 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Liabilities				
Deposits from banks and non-bank financial institutions	34	535,067	369,403	557,904
Placements from banks and non-bank financial institutions	35	3,865	17,165	41,372
Derivative financial liabilities	18	4,002	3,592	6,944
Trade and other payables	36	94,396	128,317	138,633
Amount due to customers for contract work		844	4,142	6,322
Financial assets sold under repurchase agreements	37	1,806	11,732	7,949
Deposits from customers	38	1,949,300	2,233,122	2,632,152
Employee benefits payables		11,732	13,673	13,967
Income tax payable	32(a)	6,922	5,828	5,773
Bank and other loans	39	73,239	75,296	95,280
Debt securities issued	40	82,525	115,155	132,403
Provisions	41	1,316	474	500
Deferred tax liabilities	32(b)	2,181	2,369	1,804
Other liabilities		3,176	3,851	5,062
Total liabilities		2,770,371	2,984,119	3,646,065

Combined balance sheets as at 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity	42			
Share capital		128,000	128,000	128,000
Reserves		34,338	64,800	97,051
Total equity attributable to equity shareholders of the Company		162,338	192,800	225,051
Non-controlling interests		81,988	94,075	94,587
Total equity		244,326	286,875	319,638
Total liabilities and equity		3,014,697	3,270,994	3,965,703

Approved and authorised for issue by the board of directors on 31 March 2014

Chang Zhenming Legal Representative (Signature and stamp)	Ju Weimin The person in charge of accounting affairs (Signature and stamp)	Zheng Yongqin The head of the accounting department (Signature and stamp)	(Company stamp)

The notes on pages 17 to 202 form part of these financial statements.

Balance sheets as at 31 December 2011, 2012 and 2013
(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Assets				
Cash and deposits	15	13,562	4,702	3,966
Financial assets at fair value through profit or loss	17	51	1,406	28
Derivative financial assets	18	-	-	3
Trade and other receivables	19	13,856	20,036	22,287
Loans and advances to customers and other parties	22	28,890	26,649	20,972
Available-for-sale financial assets	23	5,018	22,279	24,147
Investments in subsidiaries	26	157,898	161,167	169,796
Interests in associates	27	19,106	19,105	19,054
Interests in joint ventures	28	2,008	2,008	2,008
Fixed assets	29	27	33	24
Other assets	33	6,300	227	226
Total assets		246,716	257,612	262,511
Liabilities				
Trade and other payables	36	7,513	8,205	3,980
Employee benefits payables		729	703	715
Bank and other loans	39	20,019	14,561	22,384
Debts securities issued	40	44,829	53,662	49,598
Deferred tax liabilities	32(b)	27	34	41
Other liabilities		5,519	5,533	5,204
Total liabilities		78,636	82,698	81,922

Balance sheets as at 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity	42			
Share capital		128,000	128,000	128,000
Reserves		40,080	46,914	52,589
Total equity		168,080	174,914	180,589
Total liabilities and equity		246,716	257,612	262,511

Approved and authorised for issue by the board of directors on 31 March 2014

Chang Zhenming Legal Representative	Ju Weimin The person in charge of accounting affairs	Zheng Yongqin The head of the Accounting department	(Company stamp)

The notes on pages 17 to 202 form part of these financial statements.

Combined statements of changes in equity for the years ended 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	Share capital RMB million	Capital reserve RMB million (note 42(c)(i))	Hedging reserve RMB million (note 42(c)(ii))	Investment revaluation reserve RMB million (note 42(c)(iii))	Surplus reserve RMB million (note 42(c)(iv))	General reserve RMB million (note 42(c)(v))	Retained earnings RMB million	Exchange reserve RMB million (note 42(c)(vi))	Other reserve RMB million	Sub-total RMB million	Non-controlling interests RMB million	Total equity RMB million
		Attributable to equity shareholders of the Company											
At 1 January 2011		-	-	-	-	-	-	279	-	131,486	131,765	59,545	191,310
Change in equity for 2011													
Profit for the year		-	-	-	-	-	-	31,700	-	-	31,700	13,756	45,456
Other comprehensive income for the year	13	-	-	-	-	-	-	(1,537)	-	-	(1,537)	(470)	(2,007)
Total comprehensive income for the year		-	-	-	-	-	-	30,163	-	-	30,163	13,286	43,449
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	-	10,536	10,536
Arising from restructuring in 2011		128,000	33,681	-	-	-	-	(30,022)	-	(131,486)	173	-	173
Acquisition of subsidiaries under common control		-	217	-	-	-	-	5	-	-	222	-	222
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,189)	(1,189)
Others		-	-	-	-	-	-	15	-	-	15	(190)	(175)
Other changes in equity		128,000	33,898	-	-	-	-	(30,002)	-	(131,486)	410	9,157	9,567
At 31 December 2011		128,000	33,898	-	-	-	-	440	-	-	162,338	81,988	244,326

Combined statements of changes in equity
for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

		Attributable to equity shareholders of the Company										
	Note	*Share capital* RMB million	*Capital reserve* RMB million (note 42(c)(i))	*Hedging reserve* RMB million (note 42(c)(ii))	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*General reserve* RMB million (note 42(c)(v))	*Retained earnings* RMB million	*Exchange reserve* RMB million (note 42(c)(vi))	*Sub-total* RMB million	*Non-controlling interests* RMB million	*Total equity* RMB million
At 1 January 2012		128,000	33,898	-	-	-	-	440	-	162,338	81,988	244,326
Change in equity for 2012												
Profit for the year		-	-	-	-	-	-	28,404	-	28,404	12,355	40,759
Other comprehensive income for the year	13	-	-	28	(138)	-	-	-	186	76	173	249
Total comprehensive income for the year		-	-	28	(138)	-	-	28,404	186	28,480	12,528	41,008
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	4,275	4,275
Appropriation to reserves	42(d)(i)	-	-	-	-	648	9,208	(9,856)	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,094)	(3,094)
Acquisition of subsidiaries under common control		-	207	-	-	-	-	-	-	207	(204)	3
Transfer of state-owned shares of a subsidiary to National Social Security Fund		-	-	-	-	-	-	(222)	-	(222)	222	-
Transactions with non-controlling interests		-	1,225	-	-	-	-	-	-	1,225	(1,610)	(385)
Dividends received from CITIC Pacific Limited		-	766	-	-	-	-	-	-	766	-	766
Others		-	6	-	-	-	-	-	-	6	(30)	(24)
Other changes in equity		-	2,204	-	-	648	9,208	(10,078)	-	1,982	(441)	1,541
At 31 December 2012		128,000	36,102	28	(138)	648	9,208	18,766	186	192,800	94,075	286,875

Combined statements of changes in equity
for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*Attributable to equity shareholders of the Company* Share capital RMB million	Capital reserve RMB million (note 42(c)(i))	Hedging reserve RMB million (note 42(c)(ii))	Investment revaluation reserve RMB million (note 42(c)(iii))	Surplus reserve RMB million (note 42(c)(iv))	General reserve RMB million (note 42(c)(v))	Retained earnings RMB million	Exchange reserve RMB million (note 42(c)(vi))	Sub-total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2013		128,000	36,102	28	(138)	648	9,208	18,766	186	192,800	94,075	286,875
Change in equity for 2013												
Profit for the year		-	-	-	-	-	-	34,260	-	34,260	15,417	49,677
Other comprehensive income for the year	13	-	-	(91)	(3,151)	-	-	-	(940)	(4,182)	(1,102)	(5,284)
Total comprehensive income for the year		-	-	(91)	(3,151)	-	-	34,260	(940)	30,078	14,315	44,393
Capital contribution by shareholders		-	-	-	-	-	-	-	-	-	308	308
Appropriation to reserves	42(d)(i)	-	-	-	-	621	6,296	(6,917)	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,180)	(3,180)
Acquisition of subsidiaries under common control		-	(1,895)	-	-	-	-	-	-	(1,895)	-	(1,895)
Transactions with non-controlling interests		-	3,367	-	-	-	-	-	-	3,367	(10,910)	(7,543)
Dividends received from CITIC Pacific Limited		-	670	-	-	-	-	-	-	670	-	670
Others		-	31	-	-	-	-	-	-	31	(21)	10
Other changes in equity		-	2,173	-	-	621	6,296	(6,917)	-	2,173	(13,803)	(11,630)
At 31 December 2013		128,000	38,275	(63)	(3,289)	1,269	15,504	46,109	(754)	225,051	94,587	319,638

The notes on pages 17 to 202 form part of these financial statements.

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash flows from operating activities				
Profit before taxation		60,822	55,001	66,177
Adjustments for:				
– Depreciation and amortisation	7(c)	2,447	3,530	3,446
– Impairment losses	7(c)	9,247	15,814	13,672
– Net valuation gain on investment properties	29(a)	(69)	(80)	(118)
– Share of profits of associates, net of tax		(4,826)	(1,326)	(2,048)
– Share of profits of joint ventures, net of tax		(345)	(768)	(526)
– Interest expenses on debts securities issued	5(a)	1,251	1,778	2,352
– Finance income	7(a)	(635)	(1,276)	(1,152)
– Finance costs	7(a)	2,659	3,859	4,615
– Net (gain)/loss from disposal of available-for-sale financial assets	5(d)	(312)	(199)	2
– Net gain on disposal of subsidiaries, associates and joint ventures	7(c)	(5,621)	(644)	(1,092)
		64,618	75,689	85,328
Changes in working capital				
Increase in balances and deposits with banks and non-bank financial institutions		(117,386)	(32,969)	(83,450)
(Increase)/decrease in placements with banks and non-bank financial institutions		(67,903)	(19,601)	7,204
(Increase)/decrease in financial assets at fair value through profit or loss and derivative financial assets		(5,186)	(1,358)	5,562
Increase in trade and other receivables		(2,212)	(7,935)	(734)
Decrease in amount due from customers for contract work		871	868	42
(Increase)/decrease in inventories		(16,590)	(14,937)	4,869
(Increase)/decrease in financial assets held under resale agreements		(14,582)	93,129	(218,223)
Increase in loans and advances to customers and other parties		(175,129)	(226,920)	(288,329)
Increase in investments classified as receivables		-	(56,435)	(243,723)
Increase/(decrease) in other assets		792	(2,360)	(6,351)
Increase/(decrease) in deposits from banks and non-bank financial institutions		394,215	(165,427)	190,322
(Decrease)/increase in placements from banks and non-bank financial institutions		(2,233)	13,802	24,409
Decrease in financial liabilities at fair value through profit or loss and derivative financial liabilities		(10,729)	-	-

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Increase in trade and other payables		23,885	35,536	7,903
(Decrease)/increase in amount due to customer for contract work		(1,214)	3,298	2,180
Increase/(decrease) in financial assets sold under repurchase agreements		1,431	1,437	(3,749)
Increase in deposits from customers		251,950	285,776	411,418
Increase in employee benefits payables		1,711	1,941	294
Increase/(decrease) in provisions		204	(842)	26
(Decrease)/increase in other liabilities		(6,409)	677	1,211
Cash generated from/(used in) operations		320,104	(16,631)	(103,791)
Income tax paid		(13,929)	(18,229)	(18,206)
Net cash generated from/(used in) operating activities		306,175	(34,860)	(121,997)
Cash flows from investing activities				
Proceeds from disposal and redemption of investments		516,993	583,789	522,164
Proceeds from disposal of fixed assets, intangible assets and other assets		98	1,191	208
Proceeds from disposal of subsidiaries, associates and joint ventures		5,177	125	1,474
Dividends received from equity investments, associates and joint ventures		1,571	1,518	1,425
Acquisition of additional interest in non-controlling interests		-	-	(8,987)
Payments for acquisition of investments		(517,490)	(702,251)	(535,585)
Payments for additions of fixed assets, intangible assets and other assets		(6,977)	(6,716)	(11,272)
Net cash payment for acquisition of subsidiaries, associates and joint ventures		(1,869)	(2,962)	(4,717)
Net cash payment for disposal of subsidiaries		-	(388)	(1,292)
Interest received		197	1,109	829
Net cash used in investing activities		(2,300)	(124,585)	(35,753)

Combined cash flow statements for the years ended 31 December 2011, 2012 and 2013 (continued)

(Expressed in Renminbi million)

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash flows from financing activities				
Capital injection received from non-controlling interests		10,536	4,275	308
Proceeds from new bank and other loans		50,418	61,395	84,997
Repayment of bank and other loans and debt securities issued		(53,248)	(72,964)	(76,580)
Proceeds from new debt securities issued		11,000	44,847	32,183
Interest paid on bank and other loans and debt securities issued		(7,237)	(8,412)	(10,417)
Dividends paid to non-controlling interests		(1,189)	(3,094)	(3,180)
Other net cash (outflow)/inflow relating to other financing activities		(1,690)	489	(2,158)
Net cash generated from financing activities		8,590	26,536	25,153
Net increase/(decrease) in cash and cash equivalents		312,465	(132,909)	(132,597)
Cash and cash equivalents at 1 January		199,987	509,189	376,375
Effect of exchange rate changes		(3,263)	95	(1,567)
Cash and cash equivalents at 31 December	50	509,189	376,375	242,211

The notes on pages 17 to 202 form part of these financial statements.

Notes to the combined financial statements

(Expressed in Renminbi unless otherwise indicated)

1 General information

(a) Background

CITIC Limited (the "Company") was established in the People's Republic of China (the "PRC") with limited liability on 27 December 2011, as part of the restructuring of the original CITIC Group (中国中信集团公司) in 2011. The original CITIC Group was then renamed as CITIC Group Corporation (中国中信集团有限公司) (referred as "CITIC Group" thereafter). Details of the restructuring in 2011 ("2011 Restructuring") are set out in note 1(b).

CITIC Group and Beijing CITIC Enterprise Management Co, Ltd ("CITIC Enterprise Management") own 99.9% and 0.1% equity interests, respectively, in the Company. CITIC Group is established in the PRC, and CITIC Enterprise Management is a wholly owned subsidiary of CITIC Group established in the PRC.

The reporting entity comprises the Company and its subsidiaries but excluding CITIC Pacific Limited and the subsidiaries of CITIC Pacific Limited (the "Group"). A list of principal subsidiaries of the Group is disclosed in note 55. The details of the group structure and basis of preparation and presentation for the combined financial statements of the Group are disclosed in notes 1(c) and 2(a) respectively.

The Group is principally engaged in financial services, real estate and infrastructure, engineering contracting, resources and energy, manufacturing activities and other businesses.

(b) 2011 Restructuring

As part of the 2011 Restructuring, the Company was established on 27 December 2011 with a registered capital of RMB 128 billion, representing a total of 128 billion shares with par value of RMB 1 each. On the same date, CITIC Group injected certain of its assets and liabilities, subsidiaries, associates and joint ventures to the Company in exchange for 127,872 million shares of the Company (representing 99.9% of the total share capital of the Company), and CITIC Enterprise Management paid cash in exchange for 128 million shares of the Company (representing 0.1% of the total share capital of the Company).

The carrying amount of the subsidiaries, associates and joint ventures injected to the Company is determined by:

(i) the fair value of the assets and liabilities of the subsidiaries and net assets of associates and joint ventures that were converted into limited liability companies as part of the 2011 Restructuring as of 31 December 2010; and

1 General information (continued)

(b) 2011 Restructuring (continued)

(ii) the carrying amount of assets and liabilities of the subsidiaries and net assets of associates and joint ventures that had been limited liability companies or joint stock companies before the 2011 Restructuring recorded by the subsidiaries, associates and joint ventures as of 31 December 2010.

The subsidiaries, associates and joint ventures that were transferred to the Company as a result of the 2011 Restructuring were controlled by CITIC Group before and after the restructuring, and there were no significant change in business and operations of these companies. The control is not transitory and, consequently, there was a continuation of the risks and benefits to the same controlling shareholder and the 2011 Restructuring is regarded as a business combination of entities under common control. The results of the above subsidiaries, associates and joint ventures for the year ended 31 December 2011 were therefore presented in the financial statements of CITIC Limited as if the 2011 Restructuring had completed on 1 January 2011.

(c) Proposed Acquisition

It is proposed that CITIC Pacific Limited ("CITIC Pacific") will acquire 100% equity interests in CITIC Limited from CITIC Group and CITIC Enterprise Management ("Proposed Acquisition").

CITIC Pacific is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. It is currently a 57.51% subsidiary indirectly owned by the Company. CITIC Group held equity interest in CITIC Pacific through the Company. Prior to the completion of the Proposed Acquisition, the subsidiaries of the Company which hold shares of CITIC Pacific will transfer such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group for their respective business needs. Upon the completion of the Proposed Acquisition, CITIC Group will hold shares of CITIC Pacific indirectly through its wholly-owned subsidiaries.

2 Significant accounting policies

(a) Basis of preparation and presentation

For the purpose of preparation of the combined financial statements of the Group, the assets and liabilities, and the results of the Company and its subsidiaries excluding CITIC Pacific and the subsidiaries of CITIC Pacific ("CITIC Pacific Group") are combined. CITIC Pacific Group has been managed and financially controlled separately from the Group. No significant adjustments or allocations of expenses were made in the combined financial statements.

2 Significant accounting policies (continued)

(a) Basis of preparation and presentation (continued)

For the purpose of the Proposed Acquisition as stated in note 1(c), the combined financial statements of the Group have been prepared and presented on the basis that the structure of the Group (i.e. the Company and its subsidiaries, but excluding CITIC Pacific Group) had been in existence throughout the three years ended 31 December 2011, 2012 and 2013 or since the respective dates of incorporation or establishment of the companies comprising the Group or when they first came under the control of the controlling shareholder, CITIC Group, whenever there is a shorter period. The assets and liabilities of the combining subsidiaries and net assets of combining associates and joint ventures are included in the combined financial statements using the carrying amount of the subsidiaries, associates and joint ventures from the perspective of CITIC Group. Any excess of the carrying amount of the assets and liabilities, subsidiaries, associates and joint ventures injected to the Company over share capital is recognised in the capital reserve.

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the combined financial statements of the Group. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Transactions between the Group and CITIC Pacific Group during the years ended 31 December 2011, 2012 and 2013 were not eliminated. The dividends declared by CITIC Pacific which were received by the Group are deemed as shareholders' contribution and recognised in the capital reserve.

(b) Statement of compliance

These combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These combined financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group has adopted all the new and revised HKFRSs to all periods presented ("Relevant Periods") in these combined financial statements, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 December 2013. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 54.

These are the Group's first combined financial statements prepared in accordance with HKFRSs and HKFRS 1 "*First-time Adoption of Hong Kong Financial Reporting Standards*" has been applied.

2 Significant accounting policies (continued)

(c) Functional currency and presentation currency

The functional currency of the Company is Renminbi ("RMB"). The functional currencies of overseas subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of the combined financial statements (see note 2(i)). The combined financial statements of the Group are presented is RMB and, unless otherwise stated, expressed in millions of Renminbi.

(d) Basis of measurement

The measurement basis used in the preparation of the combined financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties (see note 2(m));
- financial assets and liabilities at fair value through profit or loss (including trading financial assets or trading financial liabilities) (see note 2(j));
- available-for-sale financial assets, except for those whose fair value cannot be measured reliably (see note 2(j)); and
- fair value hedged items (see note 2(k)(i)).

(e) Use of estimates and judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Judgements made by management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in subsequent period are described in note 3. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

2 Significant accounting policies (continued)

(f) Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is combined into the combined financial statements of the Group from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the combined financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the combined financial statements are restated. In the preparation of the combined financial statements, the subsidiary's assets, liabilities and results of operations are included in the combined balance sheet and the combined statement of comprehensive income, respectively, based on their carrying amounts, from the date that common control was established. Net profit earned by the acquiree prior to the date of acquisition is separately disclosed.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are combined into the combined financial statements from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Non-controlling interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined balance sheet in accordance with note 2(j).

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(j)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(g)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(u)(ii)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2 Significant accounting policies (continued)

(g) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the combined financial statements of the Group under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(u)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income of the Group. The Group's interest in associate or joint venture is included in the combined financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ends.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 Significant accounting policies (continued)

(g) Associates and joint ventures (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(j)).

In the Company's balance sheet, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(u)(ii)).

(h) Goodwill

Goodwill arising on the acquisition of subsidiaries, joint ventures and associates represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the net assets of the acquiree in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Positive goodwill will be stated in the combined balance sheet as a separate asset or included within joint ventures and associates at cost less accumulated impairment losses and is subject to impairment testing at least annually. Impairment losses on goodwill are not reversed. Negative goodwill is recognised in profit or loss immediately on acquisition.

(i) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured. Exchange gains and losses are recognised in profit or loss, except for the differences arising for the translation of available-for-sale equity investments, which is recognised in other comprehensive income.

2 Significant accounting policies (continued)

(i) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(j) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss is recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting (note 2(k)) are accounted for as trading instruments.

Financial instruments are designated at fair value through profit or loss upon initial recognition when:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivative(s) from the financial instrument is not prohibited.

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (c) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation (continued)

Loans and receivables (continued)

Loans and receivables mainly comprise loans and advances to customers and other parties, deposits and placements with banks and non-bank financial institutions, investments classified as receivables, and trade and other receivables.

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (see note 2(u)(i)). Where the receivables are interest-free loans made to related parties without any fixed repayment term or the effect of discounting would be immaterial, the receivables are stated at cost less allowance for impairment of doubtful debts.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses, if any (see note 2(u)(i)).

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three categories above. They include financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated separately in equity, except for impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in profit or loss. Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(x)(vii) and 2(x)(i) respectively.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Categorisation (continued)

Available-for-sale financial assets (continued)

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, and derivatives that are linked to and must be settled by delivery of such unquoted equity securities are carried at cost less impairment losses, if any (see note 2(u)(i)).

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from equity to profit or loss.

Other financial liabilities

Financial liabilities, other than trading liabilities and those designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

Other financial liabilities mainly comprise deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, trade and other payables, deposits from customers, bank and other loans, and debt securities issued.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is based on the relevant government yield curve as at the balance sheet date plus an adequate constant credit spread. Where other pricing models are used, inputs are based on market data at the balance sheet date.

2 Significant accounting policies (continued)

(j) Financial instruments (continued)

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

(v) Offsetting

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

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

(k) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

2 Significant accounting policies (continued)

(k) Hedging (continued)

(i) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in profit or loss. The hedging instrument is measured at fair value, with fair value changes recognised in profit or loss. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of the hedging instrument attributable to the risk being hedged. This adjustment is recognised in profit or loss to offset the effect of the gain or loss on the hedging instrument.

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes designation of the hedge relationship, any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

2 Significant accounting policies (continued)

(k) Hedging (continued)

(iii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationships, the Group utilises the change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

(l) Financial assets held/sold under resale/repurchase agreements

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the balance sheet. Assets held under resale agreements are reported not as purchases of the financial assets, but as receivables in the balance sheet. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the sale and repurchase consideration, and that between the purchase and resale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

2 Significant accounting policies (continued)

(m) Investment properties

Investment properties are interests in land and/or buildings which are held to earn rentals or for capital appreciation or both. These include land held for a currently undetermined future use. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are stated in the balance sheet at fair values which are reviewed annually. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

(n) Other property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses (note 2(u)(ii)).

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses. Cost includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads.

Construction-in-progress represents property and equipment under construction and is transferred to fixed assets when ready for its intended use.

No depreciation is provided in respect of construction in progress. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rate specified below.

Property, plant and equipment are depreciated at rates sufficient to write off their cost, less impairment losses, if any, to their estimated residual values, over their estimated useful lives on a straight line basis as follows:

–	Plant and buildings	5 - 70 years
–	Machinery and equipment	3 - 26 years
–	Office and other equipment, motor vehicles and others	3 -10 years

Freehold land within the category of plant and buildings are not depreciated.

2 Significant accounting policies (continued)

(n) Other property, plant and equipment (continued)

Assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(o) Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised on a straight-line basis over the respective periods of grant, usually within 10 to 50 years.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in note 2(u)(ii).

(p) Intangible assets (other than goodwill)

Intangible assets acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(u)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use as follows:

– Roads and tunnels operating rights	Over the estimated useful lives of 30 years
– Mining assets	Over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven probable reserves of the mines using the unit-of-production method.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Significant accounting policies (continued)

(q) Inventories

(i) Manufacturing, resources and energy segments

Inventories of the manufacturing, and resources and energy segments are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first out, specific identification or weighted average cost formula as appropriate, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Real estate and infrastructure segment

Inventories in respect of property development activities under the real estate and infrastructure segment are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

  The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(cc)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for sale

  In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

  The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2 Significant accounting policies (continued)

(r) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(x)(v). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as "amount due from customers for contract work" or "amount due to customers for contract work". Progress billing not yet billed to the customer are included in "trade and other receivable". Amount received before the related work is performed are presented in "trade and other payable".

(s) Operating leases

Leases which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases.

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 2(n) except where the asset is classified as an investment property. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(u)(ii). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(x)(vi).

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(m)).

2 Significant accounting policies (continued)

(t) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "other assets".

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognised at fair value, plus any taxes paid for the seizure of the assets, litigation fees and other expenses incurred for collecting the repossessed assets are included in the carrying value of repossessed assets. Repossessed assets are recognised at the carrying value, net of allowances for impairment losses.

Impairment losses on initial classification and on subsequent remeasurement are recognised in profit or loss.

(u) Impairment of assets

(i) Financial assets

The carrying amounts of the Group's assets are reviewed at balance sheet date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower;
- disappearance of an active market for financial assets because of financial difficulties; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables and held-to-maturity investments, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables or held-to-maturity investments directly and any amounts held in the allowance account relating to that borrower/investment are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The individual impairment allowance is based upon management's best estimate of the present value of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its own merits.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

Loans and receivables (continued)

In assessing the need for collective loan loss allowances, management uses statistical modelling and considers historical trends of factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgement, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to the income statement. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

When there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

Held-to-maturity investments

Impairment on held-to-maturity investments is considered at both an individual and collective level. The individual impairment allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate, where the effect of discounting is material.

All significant assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(i) Financial assets (continued)

Held-to-maturity investments (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of impairment losses shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

For unquoted available-for-sale equity securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the equity securities and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Such impairment losses are not reversed.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(ii) Non-financial assets

Internal and external sources of information are reviewed at balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- land use rights;
- investments in subsidiaries, associates and joint ventures;
- goodwill; and
- intangible assets.

2 Significant accounting policies (continued)

(u) Impairment of assets (continued)

(ii) Non-financial assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 Significant accounting policies (continued)

(v) Employee benefits

(i) Short-term employee benefits

During the accounting period when an employee has rendered service to the Group, the Group recognises the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses and social security contributions such as medical insurance, work-related injury insurance and maternity insurance, as well as housing provident funds, which are all calculated based on the regulated benchmark and ratio. Where the payment of liability is expected not to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services, and the effect would be material, these liabilities are stated at their present values in the balance sheet.

(ii) Defined contribution retirement schemes

Pursuant to the relevant laws and regulations in the PRC, The Group has joined a defined contribution retirement plan for the employees arranged by local government organisations of labour and social security. The Group is required to make contributions to a separate entity which could be the government or publicly administered retirement schemes at certain rates of the salaries, bonuses and certain allowances of its employees. The contributions are charged to profit or loss for the current period on an accrual basis. A member of the schemes is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date, payable by local government organisations of labour and social security.

In addition to the statutory provision plan, the Group's employees have joined its annuity scheme which was established by the CITIC Group in accordance with policies regarding the state owned enterprise annuity policy. The Group has made annuity contributions in proportion to its employee's gross wages which are expensed in profit or loss when the contributions are made.

The Group also operates defined contribution retirement schemes and Mandatory Provident Fund schemes for certain subsidiaries operating in Hong Kong. Contributions are charged to profit or loss as and when the contribution fall due.

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "other liabilities". The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(w)(iii) if and when: (1) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and (2) the amount of that claim on the Group is expected to exceed the amount currently carried in other liabilities in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(w)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(w)(iii).

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities (continued)

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income arising from the use of entity assets by others is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(i) Interest income (continued)

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment loss.

(ii) Fee and commission income

Fee and commission income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

(iii) Sales of goods and provision for services

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Service fee income is recognised when the services are rendered.

(iv) Sales of properties

Revenue from sales of properties under development is only recognised when the significant risks and rewards of ownership have been transferred to the buyer. The Group considers that the significant risks and rewards of ownership are transferred when the buildings contracted for sale are completed and the relevant permits essential for the delivery of the properties have been issued by the authorities.

Revenue from completed properties held for sale is recognised at the date when the sales agreement is signed.

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(v) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method.

The Group measured the stage of completion by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(viii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 Significant accounting policies (continued)

(y) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities and withholding tax.

The balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; or in respect of those temporary differences which arise either from goodwill not deductible for tax purposes, or relating to investments in subsidiaries to the extent that the Group controls the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Provision for withholding tax that will arise on the remittance of retained earnings is only made where there is a current intention to remit such earnings.

Deferred tax assets are recognised to the extent that their future utilisation is probable. Deferred tax arising from revaluation of investment properties is recognised on the rebuttable presumption that the recovery of the carrying amount of the properties would be through sale and calculated at the applicable tax rates.

Current tax assets and liabilities are offset, and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(z) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

2 Significant accounting policies (continued)

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Significant accounting policies (continued)

(bb) Segment reporting

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

- engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of:

- the nature of products and services;
- the nature of production processes;
- the type or class of customers;
- the methods used to distribute the products or provide the services; and
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the combined financial statements.

(cc) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

3 Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment losses on loans and advances, available-for-sale and held-to-maturity debt investments

The Group reviewed the portfolios of loans and advances, available-for-sale and held-to-maturity debt investments periodically to assess whether impairment losses exist and if they exist, the amounts of impairment losses. Objective evidence for impairment includes observable data indicating that there is a measurable decrease in the estimated future cash flows identified with an individual loan, available-for-sales investments or held-to-maturity debt investment. It also includes observable data indicating adverse changes in the repayment status of borrowers or issuers in the assets portfolio or national or local economic conditions that correlate with defaults on the assets in the portfolio.

The impairment loss for a loan that is individually assessed for impairment is the decrease in the estimated discounted future cash flow of that asset. For the impairment loss of held-to-maturity debt investments, the Group measures the impairment loss on the basis of the instrument's fair value using an observable market price as at the measurement date. The impairment loss for an available-for-sale debt investment is the difference between the acquisition costs (net of any principal repayments and amortisation) and the fair value, less any impairment loss previously recognised in the profit or loss at the measurement date.

When loans and advances are collectively assessed for impairment, the estimate is based on historical loss experience for assets with credit risk characteristics similar to the loans and advances that are being assessed. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss.

(b) Impairment of available-for-sale equity investments

For available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the Group considers historical data of market volatility and historical share price of the specific equity investment as well as other factors, such as sector performance, and financial information regarding the investee.

3 Critical accounting estimates and judgement (continued)

(c) *Fair value of financial instruments*

The fair value of financial instruments that are traded in an active market is based on their quoted market prices in an active market at the valuation date. A quoted market price is a price from an active market where price information is readily and regularly available from an exchange or from a dealer quotation and where this price information represents actual and recurring market transactions on an arm's length basis.

For all other financial instruments, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at each balance sheet date.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet dates that would have been determined by market participants acting at arm's length.

(d) *Classification of held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments if the Group has the intention and ability to hold them until maturity. In evaluating whether the requirements to classify a financial asset as held-to-maturity are met, management makes significant judgements. Failure in correctly assessing the Group's intention and ability to hold specific investments until maturity may result in reclassification of the whole portfolio as available-for-sale.

(e) *Provision for inventories*

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value. The Group estimates the net realisable value, based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down. The change in the write-down would affect the Group's profit during the year.

3 Critical accounting estimates and judgement (continued)

(f) Impairment of non-financial assets

As described in note 2(u)(ii), assets such as fixed assets and intangible assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

(g) Depreciation

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful life of the respective assets using the straight-line method. The management periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

(h) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets, which principally relate to tax losses and deductible temporary differences, are recognised when the future taxable profit will be available against such deferred tax assets. Hence, it requires formal assessment by management regarding the future profitability to utilise the deferred tax assets. The outcome of their actual utilisation may be different.

4 Taxation

The major applicable taxes and tax rates of the Group are as follows:

(a) *Taxes applicable to sales of goods and provision of services*

The types of taxes applicable to the Group's sale of goods and rendering of services include the following:

Types	*Tax basis and applicable rate*
Business tax	3% or 5% of the relevant taxable revenue
Value added tax ("VAT")	Output VAT is 3% to 17% of product sales and taxable service revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
Land appreciation tax	Appreciation amount at applicable tax rate

(b) *Income tax*

The statutory income tax rate of the Company for the years ended 31 December 2011, 2012 and 2013 is 25%.

Certain subsidiaries of the Group in the PRC are entitled to preferential tax treatment of high-tech enterprises, and enterprises located in the western region at preferential tax rates ranging from 7.5% to 15%. Except for the above preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in the PRC for the years ended 31 December 2011, 2012 and 2013 is 25%.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

5 Revenue

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

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see notes 5(a), 5(b) and 5(d)(i)). For non-financial services segments, revenue mainly comprises total invoiced value of goods supplied net of taxes, service fee income and revenue from construction contracts (see note 5(c)).

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

5 Revenue (continued)

(a) Net interest income

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest income arising from:				
Deposits with central banks, banks and non-bank financial institutions		7,906	12,715	14,103
Placements with banks and non-banks financial institutions		4,126	6,990	5,488
Financial assets held under resale agreements		4,796	5,208	11,200
Investments classified as receivables		-	795	6,097
Loans and advances to customers and other parties	(i)	83,013	103,377	113,494
Investments in debt securities	(ii)	7,636	10,616	13,754
Others		4	22	3
		107,481	139,723	164,139
Interest expenses arising from:				
Deposits from banks and non-bank financial institutions		(6,823)	(14,779)	(19,599)
Placements from banks and non-banks financial institutions		(427)	(247)	(943)
Financial assets sold under repurchase agreements		(474)	(537)	(467)
Deposits from customers		(31,785)	(45,437)	(54,213)
Debt securities issued		(1,251)	(1,778)	(2,352)
Others		(95)	(41)	(2)
		(40,855)	(62,819)	(77,576)
Net interest income		66,626	76,904	86,563

5 Revenue (continued)

(a) Net interest income (continued)

Notes:

(i) Interest income amounted to RMB 159 million, RMB 249 million and RMB 373 million arising from loans and advances to customers and other parties includes interest income accrued on individually assessed impaired financial assets for the years ended 31 December 2011, 2012 and 2013, respectively.

(ii) Interest income from investments in debt securities is mainly derived from unlisted investments.

(iii) Interest income includes interest income arising from financial assets at fair value through profit or loss amounted to RMB 188 million, RMB 370 million and RMB 302 million for the years ended 31 December 2011, 2012 and 2013, respectively.

(b) Net fee and commission income

	2011 RMB million	*2012* RMB million	*2013* RMB million
Consultancy and advisory fees	2,926	3,365	4,633
Bank card fees	2,283	3,820	5,626
Settlement fees	1,755	2,630	2,367
Commission for wealth management services	874	721	2,491
Agency fees and commission	755	967	1,272
Guarantee fees	1,055	558	1,285
Trustee fees	2,441	3,368	4,636
Custodian fees	320	483	776
Others	36	10	37
	12,445	15,922	23,123
Fee and commission expenses	(627)	(984)	(1,508)
Net fee and commission income	11,818	14,938	21,615

5 Revenue (continued)

(c) Sales of goods and provision of services

	2011 RMB million	*2012* RMB million	*2013* RMB million
Sales of goods	96,434	106,022	116,575
Revenue from construction contracts	14,287	12,949	14,435
Service fee income	5,035	7,418	7,823
Others	1,763	1,373	2,523
	117,519	127,762	141,356

(d) Other revenue

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net trading gain	(i)	2,468	2,769	2,095
Net gain from financial assets designated at fair value through profit or loss		1	2	2
Net gain/(loss) from disposal of available-for-sale financial assets	(ii)	312	199	(2)
Net hedging gain	(iii)	19	16	160
		2,800	2,986	2,255

(i) Net trading gain

	2011 RMB million	*2012* RMB million	*2013* RMB million
Trading profit:			
– debt securities	88	503	304
– foreign currencies	1,402	1,455	1,526
– derivatives	977	811	265
– investment funds	1	-	-
	2,468	2,769	2,095

5 Revenue (continued)

(d) Other revenue (continued)

(ii) Net gain from disposal of available-for-sale financial assets

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net profit/(loss) from disposal of available-for-sale financial assets		652	(24)	742
Net revaluation (loss)/gain reclassified from other comprehensive income on disposal	13(b)	(340)	223	(744)
		312	199	(2)

(iii) Net hedging gain

	2011 RMB million	*2012* RMB million	*2013* RMB million
Net (loss)/gain from			
– fair value hedge	(1)	-	2
– cash flow hedge	20	16	158
	19	16	160

6 Costs of sales and services

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Costs of goods sold	20	84,596	95,875	105,236
Costs of construction contracts		13,503	9,951	13,011
Costs of services rendered		4,221	5,731	6,054
Others		588	645	1,039
		102,908	112,202	125,340

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) *Net finance charges*

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Interest on bank advances and other borrowings wholly repayable within five years		5,274	6,065	6,038
Interest on other loans and debt securities issued		585	2,311	3,183
Other interest expenses		15	26	31
Total interest expenses on financial liabilities not at fair value through profit or loss		5,874	8,402	9,252
Less: interest expense capitalised*		(3,215)	(4,543)	(4,637)
	14	2,659	3,859	4,615
Interest income	14	(635)	(1,276)	(1,152)
		2,024	2,583	3,463

* Capitalisation rates applied to funds borrowed are 7.6%, 8.6% and 7.8% per annum for the years ended 31 December 2011, 2012 and 2013, respectively.

(b) *Staff costs*

	2011 RMB million	*2012* RMB million	*2013* RMB million
Salaries and bonuses	13,623	16,396	19,177
Contributions to defined contribution retirement schemes	202	240	293
Others	4,183	4,653	5,830
	18,008	21,289	25,300

7 Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting) (continued):

(c) Other items

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Amortisation				
– land use rights	29(a)	71	79	144
– intangible assets	30	253	365	480
	14	324	444	624
Depreciation	29(a),14	2,123	3,086	2,822
Impairment losses charged/ (reversed) for:	43(a)			
– placements with banks and non-bank financial institutions		-	-	7
– trade and other receivables		853	180	588
– amount due from customers for contract work		326	805	-
– inventories		889	360	101
– loans and advances to customers and other parties		6,220	12,709	10,739
– available-for-sale financial assets		223	112	746
– held-to-maturity investments		33	(6)	(85)
– interests in associates		1	1,473	-
– interests in joint ventures		-	-	6
– fixed assets		411	68	1,467
– intangible assets		119	23	36
– others		172	90	67
	14	9,247	15,814	13,672
Operating lease charges: minimum lease payments		93	99	134
Net foreign exchange gain		(947)	(45)	(534)
Auditors' remuneration		66	63	67
Government grants		(149)	(2,522)	(1,429)
Net gain on disposal of subsidiaries, associates and joint ventures		(5,621)	(644)	(1,092)

8 Income tax in the income statements

(a) Income tax in the income statements:

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Current tax - Mainland China				
Provision for enterprise income tax for the year		13,462	16,127	17,314
Land appreciation tax		1,001	699	686
		14,463	16,826	18,000
Current tax - Hong Kong				
Provision for Hong Kong Profits Tax the year		1,279	274	146
Current tax - Overseas				
Provision for the year		22	35	5
		15,764	17,135	18,151
Deferred tax				
Origination and reversal of temporary differences	32(b)	(398)	(2,893)	(1,651)
		15,366	14,242	16,500

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

8 Income tax in the income statements (continued)

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

	2011 RMB million	*2012* RMB million	*2013* RMB million
Profit before tax	60,822	55,001	66,177
Less: Share of results of			
– associates	(4,826)	(1,326)	(2,048)
– joint ventures	(345)	(768)	(526)
	55,651	52,907	63,603
Notional tax on profit before tax at statutory tax rate of 25%	13,913	13,227	15,901
Effect of different tax rates in other jurisdictions	167	(219)	(373)
Tax effect of unused tax losses not recognised	240	352	150
Tax effect of non-deductible expenses	1,126	1,529	1,362
Tax effect of non-taxable income	(55)	(432)	(545)
Others	(25)	(215)	5
Actual tax expense	15,366	14,242	16,500

9 Directors' and Supervisors' emoluments

Details of directors' remuneration are set out as follows:

Year ended 31 December 2011	*Fees* RMB'000	*Salaries* RMB'000	*Discretionary bonus* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	465.0	1,311.5	116.7	1,893.2
Vice Chairman					
Tian Guoli (note (i))	-	418.5	1,172.0	116.5	1,707.0
Executive Directors					
Dou Jianzhong (note (ii))	249.2	2,567.2	855.7	114.3	3,786.4
Wang Jiong (note (i))	-	409.2	1,105.0	106.6	1,620.8
Directors					
Yang Jinming (note (iii))	-	-	-	-	-
Yu Zhensheng (note (iii))	-	-	-	-	-
Qu Yonglan (note (iii))	-	-	-	-	-
Cao Pu (note (iii))	-	-	-	-	-
Supervisors					
Lin Meifang (note (iii))	-	-	-	-	-
Wang Xuemei (note (iii))	-	-	-	-	-
Zheng Xuexue (note (iv))	-	-	-	-	-
Liu Hesheng (note (iv))	-	-	-	-	-
	249.2	3,859.9	4,444.2	454.1	9,007.4

Notes:

(i) The discretionary bonus payment for Mr. Chang Zhenming, Mr. Tian Guoli and Mr. Wang Jiong were deferred to the period from 2012 to 2014.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

(iii) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yuzhensheng, Ms. Qu Yonglan, Ms. Cao Pu, Mr. Lin Meifang and Ms. Wang Xuemei, the Directors of the Company, for the year ended 31 December 2011.

(iv) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2011.

9 Directors' and Supervisors' emoluments (continued)

Details of directors' remuneration are set out as follows (continued):

Year ended 31 December 2012	*Fees* RMB'000	*Salaries* RMB'000	*Discretionary bonus* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	495.0	1,156.0	131.6	1,782.6
Vice Chairman					
Tian Guoli (note (i))	-	445.5	1,031.5	131.6	1,608.6
Executive Directors					
Dou Jianzhong (note (ii))	243.2	2,568.6	1,712.4	127.2	4,651.4
Wang Jiong (note (i))	-	440.6	1,007.0	121.1	1,568.7
Directors					
Yang Jinming (note (iii))	-	-	-	-	-
Yu Zhensheng (note (iii))	-	-	-	-	-
Qu Yonglan (note (iii))	-	-	-	-	-
Cao Pu (note (iii))	-	-	-	-	-
Supervisors					
Lin Meifang	-	264.0	1,301.9	100.3	1,666.2
Wang Xuemei	-	223.2	1,070.0	95.5	1,388.7
Zheng Xuexue (note (iv))	-	-	-	-	-
Liu Hesheng (note (iv))	-	-	-	-	-
	243.2	4,436.9	7,278.8	707.3	12,666.2

Notes:

(i) The discretionary bonus payment for Mr. Chang Zhenming, Mr. Tian Guoli and Mr. Wang Jiong were deferred to the period from 2013 to 2015.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

(iii) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yuzhensheng, Ms. Qu Yonglan and Ms. Cao Pu, the Directors of the Company, for the year ended 31 December 2012.

(iv) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2012.

9 Directors' and Supervisors' emoluments (continued)

Details of directors' remuneration are set out as follows (continued):

Year ended 31 December 2013	*Fees* RMB'000	*Salaries paid* RMB'000	*Discretionary bonus paid* RMB'000	*Social insurance and housing fund* RMB'000	*Total remuneration (before tax)* RMB'000
Chairman					
Chang Zhenming (note (i))	-	495.0	-	150.7	645.7
Vice Chairman					
Wang Jiong (notes (i), (iii))	-	445.5	-	129.0	574.5
Executive Directors					
Dou Jianzhong (note (ii))	239.4	3,300.9	-	140.2	3,680.5
Zhao Jingwen (notes (i), (iii))	-	435.6	-	140.2	575.8
Directors					
Yang Jinming (note (iv))	-	-	-	-	-
Yu Zhensheng (note (iv))	-	-	-	-	-
Qu Yonglan (note (iv))	-	-	-	-	-
Cao Pu (note (iv))	-	-	-	-	-
Supervisors					
Lin Meifang	-	278.4	1,270.2	110.0	1,658.6
Wang Xuemei	-	236.4	1,055.1	105.3	1,396.8
Zheng Xuexue (note (v))	-	-	-	-	-
Liu Hesheng (note (v))	-	-	-	-	-
Former Vice Chairman resigned in 2013					
Tian Guoli (notes (i), (iii))	-	139.5	-	46.3	185.8
	239.4	5,331.3	2,325.3	821.7	8,717.7

Notes:

(i) The total compensation packages for Mr. Chang Zhenming, Mr. Wang Jiong, Mr. Zhao Jingwen and Mr. Tian Guoli have not been finalised in accordance with the regulations of the relevant PRC authorities. The remuneration not yet accrued is not expected to have a significant impact on the Company's 2013 financial statements. Their discretionary bonus is deferred to the period from 2014 to 2016.

(ii) Mr. Dou Jianzhong was also the Chairman of the Board of Directors and the Executive President of CITIC International Financial Holdings Limited ("CIFH"), a subsidiary of the Company, and he received his fees, salaries and discretionary bonus from CIFH.

9 Directors' and Supervisors' emoluments (continued)

Note (continued):

(iii) Changes in directors during the year ended 31 December 2013:

- Mr. Wang Jiong was appointed as the Vice Chairman of the board of director in May 2013.
- Mr. Zhao Jingwen was appointed as the Executive Director in October 2013.
- Mr. Tian Guoli resigned the position of the Vice Chairman of the board of director in April 2013.

(iv) No emoluments were paid by the Company to Mr. Yang Jinming, Mr. Yu Zhensheng, Ms. Qu Yonglan and Ms. Cao Pu, the Directors of the Company, for the year ended 31 December 2013.

(v) No emoluments were paid by the Company to Mr. Zheng Xuexue and Mr. Liu Hesheng, the Employee Supervisors of the Company, for the year ended 31 December 2013.

10 Individuals with highest emoluments

For the year ended 31 December 2011, 2012 and 2013, of the five individuals which the highest emoluments, none are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other five individuals are as follows:

	2011 RMB'000	*2012* RMB'000	*2013* RMB'000
Fees	581.7	421.6	-
Salaries and other emoluments	7,515.6	11,626.7	13,084.9
Discretionary bonuses	17,291.8	15,447.0	15,205.8
Equity settled share based payment expenses	22,944.7	8,739.4	4,728.4
Retirement scheme contributions	419.6	248.3	305.7
	48,753.4	36,483.0	33,324.8

10 Individuals with highest emoluments (continued)

The emoluments of the remaining individuals with the highest emoluments are within the following bands:

	2011 Number of individuals	*2012* Number of individuals	*2013* Number of individuals
HKD 1,000,001 to HKD 2,000,000	-	-	-
HKD 2,000,001 to HKD 3,000,000	-	-	-
HKD 3,000,001 to HKD 5,000,000	-	-	-
Above HKD 5,000,001	5	5	5

During the years ended 31 December 2011, 2012 and 2013, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 Profit attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company includes a profit of RMB 94 million, RMB 6,392 million and RMB 5,874 million, for the period from 27 December 2011 to 31 December 2011, and years ended 31 December 2012 and 2013, respectively, which has been dealt with in the financial statements of the Company.

12 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB 31,700 million, RMB 28,404 million and RMB 34,260 million for the years ended 31 December 2011, 2012 and 2013, respectively, and the number of 128,000 million shares.

The Company did not have any potential dilutive shares during the years ended 31 December 2011, 2012 and 2013. Accordingly, diluted earnings per share is the same as basic earnings per share.

13 Other comprehensive income

(a) *Tax effects relating to each component of other comprehensive income*

	2011			*2012*			*2013*		
	Before tax amount RMB million	*Tax benefit* RMB million	*Net-of-tax amount* RMB million	*Before tax amount* RMB million	*Tax benefit/ (expense)* RMB million	*Net-of-tax amount* RMB million	*Before tax amount* RMB million	*Tax benefit* RMB million	*Net-of-tax amount* RMB million
Available-for-sale financial assets: net movement in fair value reserve	(80)	12	(68)	(424)	157	(267)	(6,209)	1,525	(4,684)
Cash flow hedge: net movement in hedging reserve	-	-	-	58	(14)	44	(159)	-	(159)
Share of other comprehensive income of associates and joint ventures	(794)	-	(794)	214	-	214	789	-	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures	(1,145)	-	(1,145)	258	-	258	(1,230)	-	(1,230)
	(2,019)	12	(2,007)	106	143	249	(6,809)	1,525	(5,284)

13 Other comprehensive income (continued)

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

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Fair value losses of available-for-sale financial assets		(420)	(201)	(6,953)
Less: Net amounts previously recognised in other comprehensive income transferred to profit or loss in the current year	5(d)(ii)	340	(223)	744
Tax effect		12	157	1,525
		(68)	(267)	(4,684)
Gains/(losses) arising from cash flow hedge		-	58	(159)
Tax effect		-	(14)	-
		-	44	(159)
Share of other comprehensive income of associates and joint ventures		(794)	214	789
Exchange differences on translation of financial statements of subsidiaries, associates and joint ventures		(1,145)	258	(1,230)
		(2,007)	249	(5,284)

14 Segment reporting

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

- Financial services: this segment provides banking, trust, asset management and other financial services.
- Real estate and infrastructure: this segment includes development, sale and holding of properties and operation of infrastructures.
- Engineering contracting: this segment provides contracting and design services for infrastructure, property and industrial projects.
- Resources and energy: the major businesses in this segment include exploration, processing and trading of resources and energy products, including crude oil, coal and iron ore.
- Manufacturing: this segment includes manufacturing of heavy machineries, aluminium wheels and other products.
- Others: others include various businesses including aviation services, publication services and others.

14 Segment reporting (continued)

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

For the purposes of assessing segment performance and allocating resources between segments, the Group's management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all assets and liabilities with the exception of interests in associates and joint ventures and other unallocated corporate assets and liabilities.

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

The measure used for reporting segment profit is "profit from combined activities". To arrive at segment results, the Group's profit before tax are further adjusted for items not specially attributed to individual segments, such as share of results of associates and joint ventures and head office or corporate administrative costs.

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

14 Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2011, 2012 and 2013 is set out below:

		Year ended 31 December 2011								
	Note	*Financial services* RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Revenue from external customers		80,270	15,970	15,837	60,703	16,367	9,164	452	-	198,763
Inter-segment revenue		154	665	1,789	7	18	65	2,309	(5,007)	-
Reportable segment revenue		80,424	16,635	17,626	60,710	16,385	9,229	2,761	(5,007)	198,763
Profit from combined activities		53,555	4,542	1,803	6,523	2,206	915	1,741	(1,916)	69,369
Share of profit/(loss) of associates, net of tax		2,884	1,027	20	864	48	(25)	8	-	4,826
Share of profit/(loss) of joint ventures, net of tax		161	187	-	(1)	-	(2)	-	-	345
Finance income	7(a)	1	50	65	83	88	33	624	(309)	635
Finance costs	7(a)	-	(568)	(4)	(772)	(337)	(93)	(2,668)	1,783	(2,659)
Depreciation and amortisation	7(c)	(903)	(246)	(104)	(389)	(603)	(182)	(20)	-	(2,447)
Impairment losses	7(c)	(6,558)	(1,120)	(413)	(987)	(46)	(38)	-	(85)	(9,247)
Profit before tax		49,140	3,872	1,367	5,321	1,356	608	(315)	(527)	60,822

	At 31 December 2011								
	Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Reportable segment assets	2,752,789	102,018	21,385	41,713	22,380	12,321	109,527	(85,799)	2,976,334
Interests in associates	19,657	3,059	98	4,498	2,425	225	88	-	30,050
Interests in joint ventures	3,470	1,475	41	1,244	-	2,083	-	-	8,313
Reportable segment liabilities	2,589,448	92,100	18,305	32,080	19,464	7,730	97,243	(85,999)	2,770,371

14 Segment reporting (continued)

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

	Note	*Year ended 31 December 2012*								
		Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Revenue from external customers		93,354	11,753	14,709	69,766	19,756	12,133	1,119	-	222,590
Inter-segment revenue		(321)	1,173	1,965	6	1	262	2,299	(5,385)	-
Reportable segment revenue		93,033	12,926	16,674	69,772	19,757	12,395	3,418	(5,385)	222,590
Profit from combined activities		59,653	4,766	3,231	2,372	2,487	755	3,162	(1,592)	74,834
Share of profit/(loss) of associates, net of tax		655	456	45	(175)	78	258	9	-	1,326
Share of profit/(loss) of joint ventures, net of tax		150	134	(11)	494	-	-	1	-	768
Finance income	7(a)	1	262	359	469	142	42	295	(294)	1,276
Finance costs	7(a)	-	(872)	(48)	(894)	(435)	(98)	(3,022)	1,510	(3,859)
Depreciation and amortisation	7(c)	(1,126)	(225)	(108)	(856)	(899)	(304)	(12)	-	(3,530)
Impairment losses	7(c)	(13,074)	(119)	(814)	(1,773)	(60)	17	-	9	(15,814)
Profit before tax		46,259	4,402	2,654	(363)	1,313	670	433	(367)	55,001

	At 31 December 2012								
	Financial services RMB million	*Real estate and infrastructure* RMB million	*Engineering contracting* RMB million	*Resources and energy* RMB million	*Manufacturing* RMB million	*Others* RMB million	*Unallocated* RMB million	*Elimination* RMB million	*Total* RMB million
Reportable segment assets	2,965,001	129,021	35,792	42,995	27,833	13,490	104,317	(88,000)	3,230,449
Interests in associates	22,484	3,150	126	3,062	2,397	176	84	-	31,479
Interests in joint ventures	3,629	1,345	30	1,717	-	2,345	-	-	9,066
Reportable segment liabilities	2,759,165	114,194	33,350	32,075	18,364	27,211	87,742	(87,982)	2,984,119

14 Segment reporting (continued)

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

	Note	Financial services RMB million	Real estate and infrastructure RMB million	Engineering contracting RMB million	Resources and energy RMB million	Manufacturing RMB million	Others RMB million	Unallocated RMB million	Elimination RMB million	Total RMB million
		Year ended 31 December 2013								
Revenue from external customers		108,305	25,522	16,603	67,935	19,120	12,600	1,704	-	251,789
Inter-segment revenue		23	1,680	1,782	36	1	184	2,029	(5,735)	-
Reportable segment revenue		108,328	27,202	18,385	67,971	19,121	12,784	3,733	(5,735)	251,789
Profit from combined activities		70,274	4,574	2,164	2,408	2,203	882	2,976	(1,297)	84,184
Share of profit/(loss) of associates, net of tax		927	661	44	(91)	124	366	17	-	2,048
Share of profit/(loss) of joint ventures, net of tax		92	163	(17)	288	-	-	-	-	526
Finance income	7(a)	1	401	374	184	315	27	192	(342)	1,152
Finance costs	7(a)	(72)	(1,224)	(28)	(792)	(511)	(117)	(3,508)	1,637	(4,615)
Depreciation and amortisation	7(c)	(1,292)	(272)	(71)	(551)	(963)	(283)	(14)	-	(3,446)
Impairment losses	7(c)	(12,125)	87	15	(1,574)	(167)	24	-	68	(13,672)
Profit before tax		57,805	4,390	2,481	(128)	1,001	899	(337)	66	66,177

	Financial services RMB million	Real estate and infrastructure RMB million	Engineering contracting RMB million	Resources and energy RMB million	Manufacturing RMB million	Others RMB million	Unallocated RMB million	Elimination RMB million	Total RMB million
	At 31 December 2013								
Reportable segment assets	3,655,558	135,602	33,769	41,159	30,264	16,876	102,728	(95,273)	3,920,683
Interests in associates	22,602	3,375	128	4,765	2,244	2,488	94	-	35,696
Interests in joint ventures	3,830	1,354	8	1,865	-	2,267	-	-	9,324
Reportable segment liabilities	3,419,880	119,462	28,230	34,883	19,987	30,433	87,445	(94,255)	3,646,065

14 Segment reporting (continued)

(b) Geographical information

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

	Revenue from external customers			*Total assets*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Mainland China	160,308	182,812	206,847	2,823,837	3,068,369	3,751,286
Hong Kong and Macau	19,057	18,081	21,520	170,087	175,845	189,776
Overseas	19,398	21,697	23,422	20,773	26,780	24,641
	198,763	222,590	251,789	3,014,697	3,270,994	3,965,703

15 Cash and deposits

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Cash		5,043	6,731	6,879	-	-	-
Bank deposits (under non-financial services segment)		31,953	43,578	43,179	13,562	4,702	3,966
Balances with central banks (under financial services segment)	(i)						
– Statutory deposit reserve funds	(ii)	297,992	356,243	420,657	-	-	-
– Surplus deposit reserve funds	(iii)	60,637	62,223	66,056	-	-	-
– Fiscal deposits		2,790	3,034	3,640	-	-	-
Deposits with banks and non-bank financial institutions (under financial services segment)		387,165	241,514	139,874	-	-	-
		785,580	713,323	680,285	13,562	4,702	3,966

Notes:

(i) The balances with central banks represent deposits placed with central banks by China CITIC Bank Corporation Limited ("CITIC Bank") and CITIC Finance Company Limited ("CITIC Finance"), subsidiaries of the Group under the financial services segment.

15 Cash and deposits (continued)

Notes (continued):

(ii) CITIC Bank and CITIC Finance place statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where they have operations. The statutory deposit reserves are not available for use in their daily business.

As at 31 December 2011, 2012 and 2013, the statutory deposit reserve placed with the PBOC was calculated at 19%, 18% and 18%, respectively, of the eligible RMB deposits from the customers of the PRC branches of CITIC Bank. In addition, CITIC Bank is required to deposit an amount equivalent to 5%, 5% and 5% of its foreign currency deposits from the customers of the PRC branches as statutory deposit reserve as at 31 December 2011, 2012 and 2013, respectively.

As at 31 December 2013, the statutory deposit reserve placed with the PBOC was calculated at 15% of the eligible RMB deposits from the customers of CITIC Finance. In addition, CITIC Finance is required to deposit an amount equivalent to 5% of its foreign currency deposits from the customers as statutory deposit reserve as at 31 December 2013. CITIC Finance was established in 2012 and had not accepted deposits from the customers in that year.

The statutory RMB deposit reserve rates applicable to PRC subsidiaries of CITIC Bank and CITIC Finance are determined by the PBOC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(iii) The surplus deposit reserve is maintained with the PBOC for the purposes of clearing.

(iv) In addition to the statutory deposit reserve funds, the amount of RMB 2,953 million, RMB 9,300 million and RMB 8,544 million included in cash and deposits as at 31 December 2011, 2012 and 2013, respectively, are restricted in use. They mainly include deposits pledged for loans, guaranteed deposits and cash received from sale of properties before completion which is under the supervision by the Housing Administration Bureau of the PRC.

16 Placements with banks and non-bank financial institutions

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Banks		140,556	132,686	101,132
Non-bank financial institutions		10,456	19,125	21,197
		151,012	151,811	122,329
Less: Allowances for impairment losses	43(a)	(8)	(8)	(15)
		151,004	151,803	122,314
By remaining maturity:				
Within one month		68,900	48,721	27,747
Between one month and one year		82,082	103,015	94,447
Over one year		22	67	120
		151,004	151,803	122,314

17 Financial assets at fair value through profit or loss

	Note	The Group			The Company		
		2011	2012	2013	2011	2012	2013
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Trading financial assets:							
– Debt securities	(a)	7,914	12,209	10,981	-	-	-
– Equity investments	(b)	148	95	27	-	-	-
– Investment funds	(c)	264	1,679	1,252	51	1,406	28
Financial assets designated at fair value through profit or loss	(d)	291	74	50	-	-	-
		8,617	14,057	12,310	51	1,406	28

	The Group			The Company		
	2011	2012	2013	2011	2012	2013
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Issued by:						
Government	340	3,384	5,119	-	-	-
PBOC	1,726	480	-	-	-	-
Policy banks	663	736	286	-	-	-
Banks and non-bank financial institutions	775	300	3,453	-	-	-
Corporate entities	5,113	9,157	3,452	51	1,406	28
	8,617	14,057	12,310	51	1,406	28

	The Group		
	2011	2012	2013
	RMB million	RMB million	RMB million
By remaining maturity:			
Within three months	1,526	3,937	7,889
Between three months and one year	5,026	5,046	4,145
Over one year	1,601	3,521	205
No fixed terms	464	1,553	71
	8,617	14,057	12,310

Financial assets at fair value through profit or loss held by the Company have no fixed terms of repayment.

(a) Debt securities

	The Group		
	2011	2012	2013
	RMB million	RMB million	RMB million
Listed outside Hong Kong	-	-	1
Unlisted	7,914	12,209	10,980
	7,914	12,209	10,981

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

(b) *Equity investments*

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Listed in Hong Kong	7	-	25
Listed outside Hong Kong	139	93	-
Unlisted	2	2	2
	148	95	27

(c) *Investment funds*

	The Group			The Company		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Unlisted	264	1,679	1,252	51	1,406	28

(d) *Financial assets designated at fair value through profit or loss*

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Unlisted	291	74	50

18 Derivatives

A subsidiary under the financial services segment acts as an intermediary to offer derivative products including interest rate and currency forwards and swaps to its customers. These derivative positions are managed through entering back to back deals with external parties to ensure the remaining exposures are within acceptable risk levels. Derivatives are also used for proprietary trading purposes.

A subsidiary under the non-financial services segment enters into forward and swap contracts to hedge its exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

18 Derivatives (continued)

The following tables provide an analysis of the notional amounts of derivatives and the corresponding fair values at the balance sheet dates. The notional amounts of the derivatives indicate the volume of transactions outstanding at the balance sheet dates; they do not represent amounts at risk.

The Group

		2011			2012			2013		
	Note	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million
Hedging instruments										
Fair value hedge:	18(c)(i)									
– Interest rate derivatives		4,971	396	-	6,450	470	(3)	8,021	210	(59)
Cash flow hedge:	18(c)(ii)									
– Interest rate derivatives		328	-	(12)	1,403	-	(10)	945	3	-
– Currency derivatives		527	12	-	138	-	-	1,008	29	-
– Other derivatives		65	38	(198)	189	94	(159)	40	2	(77)
Non-hedging instruments										
– Interest rate derivatives		195,459	1,231	(1,336)	219,836	799	(911)	199,756	1,294	(1,257)
– Currency derivatives		406,287	3,044	(2,443)	551,780	2,891	(2,495)	899,831	6,230	(5,549)
– Other derivatives		1,064	20	(13)	21,584	-	(14)	63,255	-	(2)
		608,701	4,741	(4,002)	801,380	4,254	(3,592)	1,172,856	7,768	(6,944)

18 Derivatives (continued)

The Company

	2011			*2012*			*2013*		
	Nominal amount RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million	*Nominal amount* RMB million	*Assets (positive fair value)* RMB million	*Liabilities (negative fair value)* RMB million
Hedging instruments									
Cash flow hedge:									
– Currency derivatives	-	-	-	-	-	-	788	3	-

18 Derivatives (continued)

(a) Nominal amount by remaining maturity

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Within three months	202,394	311,774	490,595	-	-	788
Between three months and one year	244,157	322,125	419,493	-	-	-
Between one year and five years	157,264	164,188	257,786	-	-	-
Over five years	4,886	3,293	4,982	-	-	-
	608,701	801,380	1,172,856	-	-	788

(b) Credit risk weighted amounts

	2011 RMB million (note (iii))	*2012* RMB million (note (iii))	*2013* RMB million (note (ii))
Interest rate derivatives	803	747	766
Currency derivatives	4,886	5,876	10,296
Other derivatives	29	3,893	8,412
Credit valuation adjustment	-	-	11,224
	5,718	10,516	30,698

Notes:

(i) The credit risk weighted amounts stated above are solely in connection with the derivatives held by CITIC Bank under the financial services segment of the Group.

(ii) At 31 December 2013, the credit risk weighted amount has been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the China Banking Regulatory Commission ("CBRC") in 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. The credit risk weighted amounts stated above have taken into account the effects of bilateral netting arrangements.

(iii) At 31 December 2011 and 2012, the credit risk weighted amounts are calculated in accordance with "Regulations Governing Capital Adequacy of Commercial Banks" and other relevant regulations promulgated by the CBRC in 2004. This regulation had been superseded since 1 January 2013.

18 Derivative (continued)

(c) Derivatives designated as hedging instruments

(i) Fair value hedge

Fair value hedge is adopted by a subsidiary under the financial services segment to hedge the movements in market interest rates by using interest rate swaps.

(ii) Cash flow hedge

Cash flow hedge is adopted by certain subsidiaries under the financial services, and resources and energy segments to hedge their foreign currency risk, commodity price risk and interest rate risk by using foreign currency forward contracts, commodity forward contracts and interest rate swaps.

19 Trade and other receivables

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Trade and bills receivables	(a)	14,005	16,967	14,403	-	-	-
Interest receivables	(b)	10,398	13,716	16,550	140	221	444
Prepayments, deposits and other receivables	(c)	28,477	27,349	28,692	13,716	19,815	21,843
		52,880	58,032	59,645	13,856	20,036	22,287

At 31 December 2011, 2012 and 2013, the amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB 9,119 million, RMB 11,647 million and RMB 10,550 million, respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

At 31 December 2011, 2012 and 2013, the amount of the Company's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is RMB 12,857 million, RMB 18,670 million and RMB 18,825 million, respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

19 Trade and other receivables (continued)

(a) Trade and bills receivables

(i) Ageing analysis

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

		The Group		
	Note	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million
Within one year		12,941	14,463	13,065
Over one year		1,769	3,156	1,788
		14,710	17,619	14,853
Less: allowances for impairment losses	43(a)	(705)	(652)	(450)
		14,005	16,967	14,403

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

(ii) Impairment of trade and bills receivables

The movement in the allowances for impairment losses on trade and other receivables during the years ended 31 December 2011, 2012 and 2013 are disclosed in note 43.

At 31 December 2011, 2012 and 2013, the Group's trade and bills receivables of RMB 47 million, RMB 58 million and RMB 39 million, respectively, were individually determined to be impaired. The individually impaired receivable related to customers that were in financial difficulties and management assessed none of the receivables is expected to be recovered. Consequently, specific allowances for the entire balances were recognised.

19 Trade and other receivables (continued)

(a) Trade and bills receivables (continued)

(iii) Trade and bills receivables that are not impaired

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

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Less than one year past due	2,291	2,450	3,546
Over one year past due	768	1,699	29
	3,059	4,149	3,575

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

(b) Interest receivables

		The Group			*The Company*		
	Note	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Interest receivables		10,468	13,958	17,269	140	221	444
Less: allowances for impairment losses	43(a)	(70)	(242)	(719)	-	-	-
		10,398	13,716	16,550	140	221	444

19 Trade and other receivables (continued)

(c) Prepayments, deposits and other receivables

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Prepayments, deposits and other receivables		29,302	27,921	29,399	13,716	19,815	21,843
Less: allowances for impairment losses	43(a)	(825)	(572)	(707)	-	-	-
		28,477	27,349	28,692	13,716	19,815	21,843

20 Inventories

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Raw materials	2,317	1,821	1,918
Work-in-progress	2,236	1,759	2,168
Finished goods	5,849	4,416	4,967
Properties			
– Properties under development for sale	54,798	72,720	62,181
– Properties held for sale	2,420	4,543	9,890
– Others	5,419	3,264	2,277
Others	588	41	294
	73,627	88,564	83,695

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Carrying amount of inventories sold	6	84,596	95,875	105,236
Write down of inventories	43(a)	897	487	170
Reversal of write-down of inventories	43(a)	(8)	(127)	(69)
		85,485	96,235	105,337

21 Financial assets held under resale agreements

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
By counterparties:			
PBOC	24,410	-	-
Banks	123,500	61,495	282,515
Non-bank financial institutions	14,300	7,587	4,732
	162,210	69,082	287,247
By types of collaterals:			
Discounted bills	37,931	44,707	225,046
Debt securities	113,094	15,128	48,292
Others	11,185	9,247	13,909
	162,210	69,082	287,247
By remaining maturity:			
Within one month	143,589	44,414	132,445
Between one month and one year	16,168	22,742	149,879
Over one year	2,453	1,926	4,923
	162,210	69,082	287,247

22 Loans and advances to customers and other parties

(a) Types of loans and advances

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate loans				
– Loans		1,123,986	1,262,228	1,440,991
– Discounted bills		49,451	74,994	64,769
– Lease payment receivables		1,704	1,043	696
		1,175,141	1,338,265	1,506,456
Personal loans				
– Residential mortgages		178,888	194,614	220,369
– Business loans		37,546	63,539	97,767
– Credit cards		32,133	54,165	86,494
– Others		19,630	22,329	35,923
		268,197	334,647	440,553
		1,443,338	1,672,912	1,947,009
Less: Allowances for				
– Individual impairment allowances		(7,039)	(9,942)	(11,644)
– Collective impairment allowances		(19,608)	(28,677)	(32,316)
	43(a)	(26,647)	(38,619)	(43,960)
		1,416,691	1,634,293	1,903,049

The Company

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate loans		28,893	26,652	20,975
Less: Individual impairment allowances	43(b)	(3)	(3)	(3)
		28,890	26,649	20,972

The majority of the loans and advances of the Group are provided by CITIC Bank and other subsidiaries under the financial services segment of the Group to their customers.

The majority of the loan and advances provided by the Company are entrusted loans to subsidiaries.

22 Loans and advances to customers and other parties (continued)

(b) Types of collaterals

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unsecured loans	333,365	335,377	404,585
Guaranteed loans	343,036	417,946	500,073
Loans with pledged assets	717,486	844,595	977,582
	1,393,887	1,597,918	1,882,240
Discounted bills	49,451	74,994	64,769
Gross loans and advances	1,443,338	1,672,912	1,947,009

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unsecured loans	27,403	24,621	17,854
Guaranteed loans	90	-	-
Loans with pledged assets	1,400	2,031	3,121
Gross loans and advances	28,893	26,652	20,975

22 Loans and advances to customers and other parties (continued)

(c) Assessment method of allowances for impairment losses

The Group

	At 31 December 2011				
		Impaired loans and advances (note (i))			
	Loans and advances for which allowances are collectively assessed	*for which allowances are collectively assessed*	*for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,427,479	877	14,982	1,443,338	1.10%
Less: Allowances for impairment losses	(18,856)	(752)	(7,039)	(26,647)	
	1,408,623	125	7,943	1,416,691	

	At 31 December 2012				
		Impaired loans and advances (note (i))			
	Loans and advances for which allowances are collectively assessed	*for which allowances are collectively assessed*	*for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,653,995	1,296	17,621	1,672,912	1.13%
Less: Allowances for impairment losses	(27,694)	(983)	(9,942)	(38,619)	
	1,626,301	313	7,679	1,634,293	

	At 31 December 2013				
		Impaired loans and advances (note (i))			
	Loans and advances for which allowances are collectively assessed	*for which allowances are collectively assessed*	*for which allowances are individually assessed*	*Total*	*Gross impaired loans and advances as a percentage of gross total loans and advances*
	RMB million	RMB million	RMB million	RMB million	
Gross loans and advances	1,921,967	3,552	21,490	1,947,009	1.29%
Less: Allowances for impairment losses	(29,636)	(2,680)	(11,644)	(43,960)	
	1,892,331	872	9,846	1,903,049	

22 Loans and advances to customers and other parties (continued)

(c) Assessment method of allowances for impairment losses (continued)

Notes:

(i) Impaired loans and advances include loans and advances for which objective evidence of impairment exists and which have been assessed as bearing significant impairment losses. These loans and advances include loans and advances for which objective evidence of impairment has been identified:

- individually, or
- collectively; that is the portfolios of homogeneous loans and advances.

(ii) At 31 December 2011, 2012 and 2013, the loans and advances of the Group for which the impairment allowances were individually assessed amounted to RMB 14,982 million, RMB 17,621 million and RMB 21,490 million, respectively. The covered and uncovered portion of these loans and advances are as follows:

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Covered portion	6,465	6,308	6,052
Uncovered portion	8,517	11,313	15,438
	14,982	17,621	21,490

At 31 December 2011, 2012 and 2013, the fair value of collaterals held against these loans and advances amounted to RMB 11,628 million, RMB 12,387 million and RMB 12,852 million, respectively.

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

22 Loans and advances to customers and other parties (continued)

(d) Movements of allowances for impairment losses

The Group

	2011			
	Loans and advances for which allowances are collectively assessed	*Impaired loans and advances for which allowances are collectively assessed*	*Impaired loans and advances for which allowances are individually assessed*	*Total*
	RMB million	RMB million	RMB million	RMB million
At 1 January	13,821	670	6,715	21,206
Charge for the year				
– new impairment allowances charged to profit or loss	5,741	211	2,225	8,177
– impairment allowances released to profit or loss	(692)	(46)	(1,219)	(1,957)
Unwinding of discount	-	-	(142)	(142)
Transfer out	(14)	-	(24)	(38)
Written off	-	(129)	(636)	(765)
Recoveries of loans and advances previously written off	-	46	120	166
At 31 December	18,856	752	7,039	26,647

	2012			
	Loans and advances for which allowances are collectively assessed	*Impaired loans and advances for which allowances are collectively assessed*	*Impaired loans and advances for which allowances are individually assessed*	*Total*
	RMB million	RMB million	RMB million	RMB million
At 1 January	18,856	752	7,039	26,647
Charge for the year				
– new impairment allowances charged to profit or loss	9,077	415	4,712	14,204
– impairment allowances released to profit or loss	(239)	(56)	(1,200)	(1,495)
Unwinding of discount	-	-	(206)	(206)
Transfer out	-	-	(54)	(54)
Written off	-	(184)	(558)	(742)
Recoveries of loans and advances previously written off	-	56	209	265
At 31 December	27,694	983	9,942	38,619

22 Loans and advances to customers and other parties (continued)

(d) Movements of allowances for impairment losses (continued)

The Group (continued)

	2013			
	Loans and advances	*Impaired loans and advances*		
	for which allowances are collectively assessed	*for which allowances are collectively assessed*	*for which allowances are individually assessed*	*Total*
	RMB million	RMB million	RMB million	RMB million
At 1 January	27,694	983	9,942	38,619
Charge for the year				
– new impairment allowances charged to profit or loss	1,972	2,594	11,310	15,876
– impairment allowances released to profit or loss	(30)	(42)	(5,065)	(5,137)
Unwinding of discount	-	-	(275)	(275)
Transfer out	-	-	(43)	(43)
Written off	-	(897)	(4,408)	(5,305)
Recoveries of loans and advances previously written off	-	42	183	225
At 31 December	29,636	2,680	11,644	43,960

There was no movement on allowances for impairment losses for the Company during the years ended 31 December 2011, 2012 and 2013.

(e) Overdue loans by overdue period

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the balance sheet dates.

22 Loans and advances to customers and other parties (continued)

(e) Overdue loans by overdue period (continued)

The Group

	At 31 December 2011				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	1,118	343	510	490	2,461
Guaranteed loans	612	1,863	798	1,153	4,426
Loans with pledged assets	3,976	1,029	889	986	6,880
	5,706	3,235	2,197	2,629	13,767

	At 31 December 2012				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	2,210	1,083	483	668	4,444
Guaranteed loans	2,525	1,103	341	1,070	5,039
Loans with pledged assets	7,153	3,840	3,569	881	15,443
	11,888	6,026	4,393	2,619	24,926

	At 31 December 2013				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	2,492	1,739	1,169	674	6,074
Guaranteed loans	3,774	4,572	1,978	499	10,823
Loans with pledged assets	9,158	6,013	4,785	782	20,738
	15,424	12,324	7,932	1,955	37,635

22 Loans and advances to customers and other parties (continued)

(e) Overdue loans by overdue period (continued)

The Company

	At 31 December 2011				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	100	128	2	230

	At 31 December 2012				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	-	449	104	553
Loans with pledged assets	-	-	100	-	100
	-	-	549	104	653

	At 31 December 2013				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
	RMB million	RMB million	RMB million	RMB million	RMB million
Unsecured loans	-	-	406	133	539
Loans with pledged assets	-	-	100	-	100
	-	-	506	133	639

23 Available-for-sale financial assets

	Note	The Group 2011 RMB million	The Group 2012 RMB million	The Group 2013 RMB million	The Company 2011 RMB million	The Company 2012 RMB million	The Company 2013 RMB million
Debt securities	(a)	127,267	192,617	173,386	-	-	-
Wealth management products	(b)	10,423	26,510	33,568	2,859	19,708	22,610
Certificate of deposits	(c)	1,766	3,787	4,828	-	-	-
Equity investments	(d)	5,217	5,862	4,796	2,159	2,571	1,537
		144,673	228,776	216,578	5,018	22,279	24,147
Less: Allowances for impairment losses	43(a)	(499)	(470)	(1,182)	-	-	-
		144,174	228,306	215,396	5,018	22,279	24,147
Issued by:							
Government		22,911	35,096	38,578	-	-	-
PBOC		11,611	6,325	-	-	-	-
Policy banks		39,477	19,252	26,713	-	-	-
Banks and non-bank financial institutions		14,415	81,356	85,928	-	19,000	21,373
Corporate entities		55,760	86,277	64,177	5,018	3,279	2,774
		144,174	228,306	215,396	5,018	22,279	24,147
By remaining maturity:							
Within three months		29,149	37,481	32,330	400	9,900	12,070
Between three months and one year		34,446	57,787	27,546	580	9,100	9,303
Over one year		75,245	125,672	149,138	1,879	128	1,237
No fixed terms		5,334	7,366	6,382	2,159	3,151	1,537
		144,174	228,306	215,396	5,018	22,279	24,147

(a) Debt securities

	The Group 2011 RMB million	The Group 2012 RMB million	The Group 2013 RMB million
Debt securities	127,267	192,617	173,386
Less: Allowances for impairment losses	(304)	(143)	(151)
	126,963	192,474	173,235
Representing:			
Listed in Hong Kong	3,728	3,824	5,114
Listed outside Hong Kong	1,114	1,550	1,614
Unlisted	122,121	187,100	166,507
	126,963	192,474	173,235

23 Available-for-sale financial assets (continued)

(b) *Wealth management products*

	The Group			*The Company*		
	2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million
Wealth management products	10,423	26,510	33,568	2,859	19,708	22,610
Less: Allowances for impairment losses	-	(63)	(732)	-	-	-
	10,423	26,447	32,836	2,859	19,708	22,610
Representing:						
Unlisted	10,423	26,447	32,836	2,859	19,708	22,610

(c) *Certificate of deposits*

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Certificate of deposits	1,766	3,787	4,828
Representing:			
Unlisted	1,766	3,787	4,828

(d) *Equity investments*

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Equity investments	5,217	5,862	4,796	2,159	2,571	1,537
Less: Allowances for impairment losses	(195)	(264)	(299)	-	-	-
	5,022	5,598	4,497	2,159	2,571	1,537
Representing:						
Listed in Hong Kong	47	34	39	-	-	-
Listed outside Hong Kong	1,781	1,712	1,512	414	483	503
Unlisted	3,194	3,852	2,946	1,745	2,088	1,034
	5,022	5,598	4,497	2,159	2,571	1,537

24 Held-to-maturity investments

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Debt securities		107,964	134,535	154,840
Less: Allowances for impairment losses	43(a)	(137)	(130)	(48)
		107,827	134,405	154,792
Representing:				
Listed in Hong Kong		131	119	282
Listed outside Hong Kong		544	696	606
Unlisted		107,152	133,590	153,904
		107,827	134,405	154,792
Issued by:				
Government		38,899	35,280	40,119
PBOC		13,523	4,728	-
Policy banks		24,631	24,733	20,296
Banks and non-bank financial institutions		18,389	49,024	61,471
Corporate entities		12,385	20,640	32,906
		107,827	134,405	154,792
By remaining maturity:				
Within three months		1,807	1,137	5,309
Between three months and one year		24,846	18,092	12,709
Over one year		81,174	115,176	136,774
		107,827	134,405	154,792
Market value of listed debt securities		692	848	741

25 Investments classified as receivables

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Trust investment plans	-	26,880	96,999
Investment management products managed by securities companies	-	3,269	114,987
Wealth management products issued by financial institutions	-	4,030	65,558
Corporate bonds	-	15,370	20,814
Others	-	6,886	1,800
	-	56,435	300,158

The total amount of investments managed by CITIC Securities Co., Ltd ("CITIC Securities"), an associate of the Group, and CITIC Trust Co., Ltd ("CITIC Trust"), a subsidiary of the Company, is RMB Nil, RMB 31,380 million and RMB 27,983 million at 31 December 2011, 2012 and 2013, respectively.

26 Investments in subsidiaries

The Company

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Listed shares, at cost		109,550	113,035	120,887
Unlisted shares and capital contributions, at cost		48,555	48,339	48,909
		158,105	161,374	169,796
Less: impairment losses	43(b)	(207)	(207)	-
		157,898	161,167	169,796
Market value of listed shares		112,332	126,598	122,203

The particulars of the principal subsidiaries are set out in note 55.

26 Investments in subsidiaries (continued)

The Company (continued)

The following table lists out the information relating to CITIC Bank, CITIC Resources Holdings Limited ("CITIC Resources") and CITIC Heavy Industries Co., Limited ("CITIC Heavy Industries"), which are listed subsidiaries of the Group, and have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amount before any inter-company elimination:

	Note	*CITIC Bank*			*CITIC Resources*			*CITIC Heavy Industries*		
		2011 *RMB million*	*2012* *RMB million*	*2013* *RMB million*	*2011* *RMB million*	*2012* *RMB million*	*2013* *RMB million*	*2011* *RMB million*	*2012* *RMB million*	*2013* *RMB million*
NCI percentage		38.15%	38.15%	33.05%	43.00%	40.57%	40.59%	3.29%	28.96%	28.96%
Total assets		2,765,881	2,959,939	3,641,193	24,252	21,332	21,925	12,926	16,446	17,586
Including:										
Cash and deposits		752,926	664,758	628,187	8,477	6,801	5,499	1,670	4,276	4,678
Placements with banks and non-bank financial institutions		151,004	151,803	122,314	-	-	-	-	-	-
Financial assets at fair value through the profit and loss		8,190	12,285	11,018	2	2	2	-	-	-
Derivative financial assets		4,683	4,160	7,749	50	93	31	-	-	-
Financial assets held under resale agreements		162,210	69,082	286,767	-	-	-	-	-	-
Available-for-sale financial assets		134,518	196,849	177,960	26	21	1	-	-	-
Held-to-maturity investments		108,468	135,014	154,849	-	-	-	-	400	400
Investments classified as receivables		-	56,435	300,158	-	-	-	-	-	-
Total liabilities		(2,587,100)	(2,756,853)	(3,410,468)	(12,562)	(10,510)	(12,757)	(9,408)	(8,940)	(9,730)
Including:										
Deposits from banks and non-bank financial institutions		(535,546)	(370,108)	(559,667)	-	-	-	-	-	-
Placements from banks and non-bank financial institutions		(4,676)	(17,894)	(41,952)	-	-	-	-	-	-
Derivative financial liabilities		(3,764)	(3,412)	(6,853)	(202)	(161)	(77)	-	-	-
Financial assets sold under repurchase agreements		(9,806)	(11,732)	(7,949)	-	-	-	-	-	-
Deposits from customers		(1,968,051)	(2,255,141)	(2,651,678)	-	-	-	-	-	-
Bank and other loans		-	-	-	(2,953)	(1,985)	(5,843)	(3,433)	(3,354)	(2,581)
Net assets		178,781	203,086	230,725	11,690	10,822	9,168	3,518	7,506	7,856
Equity attributable to										
- Equity shareholders		174,496	198,356	225,601	11,582	10,725	9,173	3,512	7,499	7,849
- NCI		4,285	4,730	5,124	108	97	(5)	6	7	7
		178,781	203,086	230,725	11,690	10,822	9,168	3,518	7,506	7,856
Carrying amount of NCI		70,855	80,403	79,685	5,088	4,448	3,718	122	2,179	2,280

26 Investments in subsidiaries (continued)

The Company (continued)

	Note	CITIC Bank			CITIC Resources			CITIC Heavy Industries		
		2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million	2011 RMB million	2012 RMB million	2013 RMB million
Revenue		77,092	89,711	104,813	27,689	34,659	31,398	7,041	7,236	5,083
Profit/(loss) for the year		30,844	31,385	39,717	1,836	(1,055)	(1,280)	828	872	500
Total comprehensive income		31,051	31,089	34,657	1,867	(881)	(1,355)	812	876	503
Profit/(loss) allocated to NCI		11,782	12,192	13,489	793	(436)	(585)	38	253	146
Dividends paid to NCI		982	2,588	2,677	68	40	-	-	-	44
Cash flows from/(used in) operating activities		300,104	(55,426)	(136,231)	1,821	(436)	(625)	(559)	828	(5)
Cash flows (used in)/from investing activities		(10,598)	(101,352)	(10,321)	3,687	354	(4,106)	1,498	(1,304)	(300)
Cash flows from/(used in) financing activities		17,880	14,598	11,722	1,325	(1,728)	2,307	(350)	3,071	702

CITIC Bank is listed on the Main Board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

CITIC Resources is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

CITIC Heavy Industries is listed on the Shanghai Stock Exchange.

27 Interests in associates

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Share of net assets		30,116	33,018	37,236
Less: impairment losses	43(a)	(66)	(1,539)	(1,540)
		30,050	31,479	35,696

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Listed shares, at cost	18,503	18,503	18,503
Unlisted shares, at cost	603	602	551
	19,106	19,105	19,054
Market value of listed shares	27,010	34,774	35,086

The particulars of the principal associates are set out in note 55.

27 Interests in associates (continued)

The Group

Summarised financial information of the material associates are disclosed below:

	CITIC Securities			CITIC Damang Holdings Limited ("CITIC Damang")			Alumina Limited ("Alumina")			Sinopec Yizheng Chemical Fibre Company Limited ("Sinopec Yizheng")		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Gross amounts of the associates												
Total assets	148,280	168,508	271,354	7,213	7,552	7,283	-	-	18,071	11,450	11,138	10,629
Total liabilities	(61,290)	(81,824)	(181,952)	(3,663)	(4,379)	(4,390)	-	-	(1,040)	(2,458)	(2,625)	(3,566)
Net assets	86,990	86,684	89,402	3,550	3,173	2,893	-	-	17,031	8,992	8,513	7,063
Equity attributable to												
– Equity shareholder	86,587	86,465	87,688	3,230	2,934	2,721	-	-	17,031	8,992	8,513	7,063
– Non-controlling interests	403	219	1,714	320	239	172	-	-	-	-	-	-
	86,990	86,684	89,402	3,550	3,173	2,893	-	-	17,031	8,992	8,513	7,063
Revenue	26,371	13,071	16,115	3,036	2,421	2,328	-	-	2	20,180	16,988	17,677
Profit/(loss) for the year	12,604	4,307	5,308	288	(404)	(254)	-	-	3	839	(358)	(1,450)
Other comprehensive income	(2,872)	386	(647)	125	21	51	-	-	(1,872)	-	-	-
Total comprehensive income	9,732	4,693	4,661	413	(383)	(203)	-	-	(1,869)	839	(358)	(1,450)
Dividends received from associates	1,009	962	671	-	12	-	-	-	-	22	22	-
Reconciled to the Group's interests in associates												
Gross amounts of net assets of associates attributable to the Group	86,587	86,465	87,688	3,230	2,934	2,721	-	-	17,031	8,992	8,513	7,063
Group's effective interest	20.30%	20.30%	20.30%	32.24%	33.19%	33.18%	-	-	10.21%	18.00%	18.00%	17.25%
Group's share of net assets of associates	17,577	17,552	17,801	1,041	974	903	-	-	1,739	1,619	1,532	1,218
Non-controlling interests' share of net assets of associates	-	-	-	542	464	430	-	-	581	-	-	-
Others	1,060	1,030	1,031	2,017	2,000	1,980	-	-	575	25	23	125
Impairment losses	-	-	-	-	(1,536)	(1,536)	-	-	-	-	-	-
Carrying amount in the combined financial statements	18,637	18,582	18,832	3,600	1,902	1,777	-	-	2,895	1,644	1,555	1,343

CITIC Securities and Sinopec Yizheng are listed on the Main Board of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange.

CITIC Damang is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

In 2013, the Group acquired a total of 10.21% of the shares of Alumina with cash of AUD 468 million (equivalent to RMB 2,989 million). Alumina is a company listed on the Australian Securities Exchange and the New York Exchange, and is principally involved in bauxite mining and alumina refining operations.

27 Interests in associates (continued)

The Group

Aggregate information of the associates that are not individually material:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Aggregate carrying amount of individually immaterial associates in the combined financial statements	6,169	9,440	10,849
Aggregate amount of the Group's share of those associates			
Post-tax profit for the year	1,975	714	1,344
Other comprehensive income	(210)	86	1,135
Total comprehensive income	1,765	800	2,479

28 Interests in joint ventures

The Group

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Share of net assets		8,353	9,106	9,363
Less: impairment losses	43(a)	(40)	(40)	(39)
		8,313	9,066	9,324

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Unlisted shares, at cost	2,008	2,008	2,008

The particulars of the principal joint ventures are set out in note 55.

28 Interests in joint ventures (continued)

The Group

Summarised financial information of the material joint ventures are disclosed below:

	CITIC-Prudential Life Insurance Co., Ltd.			*Bowenvale Limited*			*CITIC Capital Holding Limited*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Gross amount of the joint ventures									
Total assets	17,343	22,573	28,423	6,139	7,031	6,717	9,046	9,907	11,192
Total liabilities	(15,436)	(20,298)	(25,940)	(716)	(911)	(798)	(4,160)	(4,012)	(5,040)
Net assets	1,907	2,275	2,483	5,423	6,120	5,919	4,886	5,895	6,152
Equity attributable to									
- Equity shareholder	1,907	2,275	2,483	4,038	4,556	4,406	4,739	5,637	6,022
- Non-controlling interests	-	-	-	1,385	1,564	1,513	147	258	130
	1,907	2,275	2,483	5,423	6,120	5,919	4,886	5,895	6,152
Revenue	4,144	4,455	5,185	1,312	1,443	1,196	551	416	507
Profit/(loss) from continuing operations	321	298	204	749	630	596	236	(298)	548
Post-tax (loss)/profit from discontinued operations	-	-	-	(66)	109	-	-	-	-
Other comprehensive income	(180)	70	-	-	-	-	100	25	70
Total comprehensive income	141	368	204	683	739	596	336	(273)	618
Dividends received from joint ventures	-	-	-	61	14	-	-	-	-
Reconciled to the Group's interests in joint ventures									
Gross amounts of net assets of joint ventures attributable to the Group	1,907	2,275	2,483	4,038	4,556	4,406	4,739	5,637	6,022
Group's effective interest	50.00%	50.00%	50.00%	50.50%	50.50%	50.50%	11.96%	9.30%	10.07%
Group's share of net assets of joint ventures	954	1,138	1,242	2,039	2,301	2,225	567	524	606
Non-controlling interest' share of net assets of joint ventures	-	-	-	-	-	-	736	682	682
Others	1,124	1,124	1,124	37	37	37	80	75	39
Carrying amount in the combined financial statements	2,078	2,262	2,366	2,076	2,338	2,262	1,383	1,281	1,327

28 Interests in joint ventures (continued)

The Group

Aggregate information of joint ventures that are not individually material:

	2011 RMB million	*2012* RMB million	*2013* RMB million
Aggregate carrying amount of individually immaterial joint ventures in the combined financial statements	2,783	3,195	3,369
Aggregate amount of the Group's share of those joint ventures			
Post-tax (loss)/profit for the year	(226)	310	6
Total comprehensive income	(226)	310	6

29 Fixed assets

(a) *The Group*

	Note	Plant and buildings RMB million	Machinery and equipment RMB million	Construction in progress RMB million	Office and other equipment RMB million	Motor vehicles RMB million	Others RMB million	Sub-total RMB million	Land use rights RMB million	Total RMB million	Investment properties RMB million
		Property, plant and equipment									
Cost or valuation:											
At 1 January 2011		14,776	9,859	3,592	4,561	3,046	689	36,523	3,353	39,876	3,798
Exchange adjustments		(871)	(20)	(17)	(33)	(15)	(13)	(969)	(13)	(982)	(28)
Additions		1,514	1,548	3,278	1,043	186	187	7,756	746	8,502	1,501
Disposals		(222)	(188)	(683)	(198)	(60)	(156)	(1,507)	(334)	(1,841)	(45)
Transfer		472	1,265	(1,913)	11	160	2	(3)	-	(3)	3
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	69
At 31 December 2011		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2011		(3,173)	(2,998)	(37)	(2,476)	(1,070)	(232)	(9,986)	(260)	(10,246)	-
Exchange adjustments		29	38	-	26	11	57	161	2	163	-
Charge for the year	7(c)	(432)	(695)	-	(703)	(244)	(49)	(2,123)	(71)	(2,194)	-
Written back on disposals		156	114	22	162	58	63	575	59	634	-
Impairment losses	43(a)	(86)	(323)	-	(1)	-	(1)	(411)	-	(411)	-
At 31 December 2011		(3,506)	(3,864)	(15)	(2,992)	(1,245)	(162)	(11,784)	(270)	(12,054)	-
Net book value:											
At 31 December 2011		12,163	8,600	4,242	2,392	2,072	547	30,016	3,482	33,498	5,298
Represented by:											
Cost		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	-
Valuation		-	-	-	-	-	-	-	-	-	5,298
		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298

29 Fixed assets (continued)

(a) *The Group (continued)*

	Note	*Property, plant and equipment*									
		Plant and buildings RMB million	*Machinery and equipment* RMB million	*Construction in progress* RMB million	*Office and other equipment* RMB million	*Motor vehicles* RMB million	*Others* RMB million	*Sub-total* RMB million	*Land use rights* RMB million	*Total* RMB million	*Investment properties* RMB million
Cost or valuation:											
At 1 January 2012		15,669	12,464	4,257	5,384	3,317	709	41,800	3,752	45,552	5,298
Exchange adjustments		62	43	49	2	-	3	159	6	165	15
Additions		1,607	564	3,076	1,253	1,178	274	7,952	96	8,048	453
Disposals		(224)	(1,275)	(1,023)	(303)	(131)	(125)	(3,081)	(97)	(3,178)	(1,358)
Transfer		738	600	(1,599)	16	221	12	(12)	-	(12)	12
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	80
At 31 December 2012		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2012		(3,506)	(3,864)	(15)	(2,992)	(1,245)	(162)	(11,784)	(270)	(12,054)	-
Exchange adjustments		6	(12)	-	(1)	1	16	10	(1)	9	-
Charge for the year	7(c)	(679)	(857)	-	(844)	(576)	(130)	(3,086)	(79)	(3,165)	-
Written back on disposals		42	524	-	191	68	22	847	-	847	-
Impairment losses	43(a)	(44)	(4)	-	(1)	(1)	(18)	(68)	-	(68)	-
At 31 December 2012		(4,181)	(4,213)	(15)	(3,647)	(1,753)	(272)	(14,081)	(350)	(14,431)	-
Net book value:											
At 31 December 2012		13,671	8,183	4,745	2,705	2,832	601	32,737	3,407	36,144	4,500
Represented by:											
Cost		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	-
Valuation		-	-	-	-	-	-	-	-	-	4,500
		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500

29 Fixed assets (continued)

(a) *The Group (continued)*

	Note	Property, plant and equipment: Plant and buildings RMB million	Machinery and equipment RMB million	Construction in progress RMB million	Office and other equipment RMB million	Motor vehicles RMB million	Others RMB million	Sub-total RMB million	Land use rights RMB million	Total RMB million	Investment properties RMB million
Cost or valuation:											
At 1 January 2013		17,852	12,396	4,760	6,352	4,585	873	46,818	3,757	50,575	4,500
Exchange adjustments		(66)	(137)	(10)	(23)	(19)	(39)	(294)	(3)	(297)	(189)
Additions		1,611	506	4,303	1,840	995	725	9,980	7,336	17,316	328
Disposals		(546)	(276)	(434)	(315)	(330)	(805)	(2,706)	(79)	(2,785)	(13)
Transfer		816	2,770	(3,819)	22	70	204	63	-	63	(63)
Change in fair value of investment properties		-	-	-	-	-	-	-	-	-	118
At 31 December 2013		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	4,681
Accumulated depreciation, amortisation and impairment losses:											
At 1 January 2013		(4,181)	(4,213)	(15)	(3,647)	(1,753)	(272)	(14,081)	(350)	(14,431)	-
Exchange adjustments		20	65	-	19	-	4	108	1	109	-
Charge for the year	7(c)	(720)	(828)	-	(861)	(409)	(4)	(2,822)	(144)	(2,966)	-
Written back on disposals		181	209	10	266	221	12	899	-	899	-
Transfer		-	-	-	-	-	-	-	22	22	-
Impairment losses	43(a)	(19)	(1,418)	-	-	(30)	-	(1,467)	-	(1,467)	-
At 31 December 2013		(4,719)	(6,185)	(5)	(4,223)	(1,971)	(260)	(17,363)	(471)	(17,834)	-
Net book value:											
At 31 December 2013		14,948	9,074	4,795	3,653	3,330	698	36,498	10,540	47,038	4,681
Represented by:											
Cost		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	-
Valuation		-	-	-	-	-	-	-	-	-	4,681
		19,667	15,259	4,800	7,876	5,301	958	53,861	11,011	64,872	4,681

29 Fixed assets (continued)

(a) The Group (continued)

At 31 December 2011, 2012 and 2013, the net book value of the Group's premises and land use rights for which the registration procedures for ownership had not been completed was approximately RMB 1,325 million, RMB 2,265 million and RMB 4,639 million, respectively. The Group anticipates that there would be no significant issues and costs in completing such procedures.

(b) The Company

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 27 December 2011 (date of establishment)	20	56	76
Additions	11	3	14
Disposals	(4)	(24)	(28)
At 31 December 2011	27	35	62
Accumulated depreciation:			
At 27 December 2011 (date of establishment)	(11)	(45)	(56)
Charge for the year	(6)	(7)	(13)
Written back on disposals	8	26	34
At 31 December 2011	(9)	(26)	(35)
Net book value:			
At 31 December 2011	18	9	27

29 Fixed assets (continued)

(b) The Company (continued)

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 1 January 2012	27	35	62
Additions	-	24	24
Disposals	(3)	(6)	(9)
At 31 December 2012	24	53	77
Accumulated depreciation:			
At 1 January 2012	(9)	(26)	(35)
Charge for the year	(4)	(7)	(11)
Written back on disposals	-	2	2
At 31 December 2012	(13)	(31)	(44)
Net book value:			
At 31 December 2012	11	22	33

29 Fixed assets (continued)

(b) The Company (continued)

	Motor vehicles RMB million	*Others* RMB million	*Total* RMB million
Cost:			
At 1 January 2013	24	53	77
Additions	-	4	4
Disposals	-	(3)	(3)
At 31 December 2013	24	54	78
Accumulated depreciation:			
At 1 January 2013	(13)	(31)	(44)
Charge for the year	(4)	(9)	(13)
Written back on disposals	-	3	3
At 31 December 2013	(17)	(37)	(54)
Net book value:			
At 31 December 2013	7	17	24

29 Fixed assets (continued)

(c) The tenure of the properties is as follows:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
In Mainland China			
– leases of over fifty years	485	521	570
– leases of between ten to fifty years	17,980	18,510	26,909
– leases of less than ten years	208	234	256
	18,673	19,265	27,735
In Hong Kong			
– leases of over fifty years	131	151	160
– leases of between ten to fifty years	1,384	1,338	1,408
	1,515	1,489	1,568
Properties held overseas			
– freehold	559	603	625
– leases of between ten to fifty years	67	76	82
– leases of less than ten years	129	145	159
	755	824	866
	20,943	21,578	30,169

29 Fixed assets (continued)

(d) Fair value measurement of properties

(i) Property valuation

Investment properties were revalued at 31 December 2011, 2012 and 2013 by the following independent professionally qualified valuers. The management of the Group had discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each balance sheet date.

Properties located in	*Valuers in 2011*
Mainland China and Hong Kong	Beijing Pan-China Assets Appraisal Co., Ltd.
	China United Assets Appraisals Group
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
	Zhongzhan Assets Appraisals Company Limited
	Cheong Land Investment Company Limited
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited
	Network Real Estate Appraisal Co., Ltd.

Properties located in	*Valuers in 2012*
Mainland China and Hong Kong	Beijing Sinotop Appraisal Co., Ltd.
	China United Assets Appraisals Group
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
Overseas	Network Real Estate Appraisal Co., Ltd.

29 Fixed assets (continued)

(d) Fair value measurement of properties

(i) Property valuation (continued)

Properties located in	*Valuers in 2013*
Mainland China and Hong Kong	DeveChina International Appraisals Company Limited
	Knight Frank Petty Limited
	Prudential Surveyors International Limited
	Yinxin Appraisal Co., Ltd.
Overseas	Jones Lang LaSalle Corporate Appraisal and Advisory Company Limited

(ii) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the balance sheet dates on a recurring basis, categorised into the three-level hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

29 Fixed assets (continued)

(d) Fair value measurement of properties (continued)

(ii) Fair value hierarchy (continued)

	Level 3		
	Fair value at 31 December 2011 RMB million	*Fair value at 31 December 2012* RMB million	*Fair value at 31 December 2013* RMB million
The Group			
Recurring fair value measurement			
Investment properties - Mainland China			
At 1 January	2,688	3,749	3,000
Additions	1,061	-	259
Disposals	(34)	(964)	(9)
Transfer	122	251	(77)
Change in fair value of investment properties	(88)	(36)	(40)
At 31 December	3,749	3,000	3,133
Investment properties - Hong Kong			
At 1 January	917	1,279	1,222
Exchange adjustments	(25)	12	(169)
Additions	364	451	69
Disposals	(11)	(394)	(4)
Transfer	(119)	(239)	14
Change in fair value of investment properties	153	113	146
At 31 December	1,279	1,222	1,278
Investment properties - Overseas			
At 1 January	193	270	278
Exchange adjustments	(3)	3	(20)
Additions	76	2	-
Change in fair value of investment properties	4	3	12
At 31 December	270	278	270

29 Fixed assets (continued)

(d) Fair value measurement of properties (continued)

(ii) Fair value hierarchy (continued)

The Group's policy is to recognise transfers between levels of fair value hierarchy at the balance sheet date in which they occur. During the years ended 31 December 2011, 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(iii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of investment properties located in Mainland China is determined by using income capitalisation approach and with reference to sales evidence as available in the market. The income capitalisation approach is the sum of the term value and the reversionary value by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period.

The fair value of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's buildings compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

30 Intangible assets

The Group

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2011		4,270	309	1,377	5,956
Exchange adjustments		-	-	(41)	(41)
Additions		1,921	-	813	2,734
Disposals		-	(57)	(46)	(103)
At 31 December 2011		6,191	252	2,103	8,546
Accumulated amortisation and impairment losses:					
At 1 January 2011		(185)	(41)	(699)	(925)
Exchange adjustments		-	-	26	26
Charge for the year	7(c)	(61)	(12)	(180)	(253)
Written back on disposals		-	-	8	8
Impairment loss	43(a)	-	-	(119)	(119)
At 31 December 2011		(246)	(53)	(964)	(1,263)
Net book value:					
At 31 December 2011		5,945	199	1,139	7,283

30 Intangible assets (continued)

The Group (continued)

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2012		6,191	252	2,103	8,546
Exchange adjustments		-	-	37	37
Additions		2,354	57	290	2,701
Disposals		-	-	(5)	(5)
At 31 December 2012		8,545	309	2,425	11,279
Accumulated amortisation and impairment losses:					
At 1 January 2012		(246)	(53)	(964)	(1,263)
Exchange adjustments		-	-	(23)	(23)
Charge for the year	7(c)	(63)	(14)	(288)	(365)
Written back on disposals		-	-	1	1
Impairment loss	43(a)	-	-	(23)	(23)
At 31 December 2012		(309)	(67)	(1,297)	(1,673)
Net book value:					
At 31 December 2012		8,236	242	1,128	9,606

30 Intangible assets (continued)

The Group (continued)

	Note	*Roads and tunnels operating rights* RMB million	*Mining assets* RMB million	*Others* RMB million	*Total* RMB million
Cost:					
At 1 January 2013		8,545	309	2,425	11,279
Exchange adjustments		-	(24)	(27)	(51)
Additions		2,323	811	225	3,359
Disposals		(11)	-	(14)	(25)
At 31 December 2013		10,857	1,096	2,609	14,562
Accumulated amortisation and impairment losses:					
At 1 January 2013		(309)	(67)	(1,297)	(1,673)
Exchange adjustments		-	3	26	29
Charge for the year	7(c)	(79)	(93)	(308)	(480)
Written back on disposals		-	-	12	12
Impairment loss	43(a)	-	(36)	-	(36)
At 31 December 2013		(388)	(193)	(1,567)	(2,148)
Net book value:					
At 31 December 2013		10,469	903	1,042	12,414

Amortisation charge is included in “other operating expenses” in the combined income statements.

31 Goodwill

The Group

	2011 RMB million	2012 RMB million	2013 RMB million
Cost:			
At 1 January	3,111	3,307	3,322
Additions	314	15	89
Disposals	(118)	-	(167)
At 31 December	3,307	3,322	3,244
Accumulated impairment losses:			
At 1 January	(20)	(277)	(277)
Impairment losses	(257)	-	-
At 31 December	(277)	(277)	(277)
Carrying amount:			
At 31 December	3,030	3,045	2,967

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	2011 RMB million	2012 RMB million	2013 RMB million
Resources and energy	1,368	1,384	1,243
Financial services	1,244	1,243	1,219
Manufacturing	312	312	399
Real estates and infrastructure	106	106	106
	3,030	3,045	2,967

The recoverable amounts of the CGUs are determined based on value-in-use calculations approved by management. Based on management's impairment assessment, impairment loss of RMB 257 million was recognised during the year ended 31 December 2011 in connection with the resources and energy segment. No impairment loss was recognised for the years ended 31 December 2012 and 2013.

32 Income tax in the balance sheets

(a) Current taxation in the balance sheets represents:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Income tax payable	5,482	5,439	5,462
Land appreciation tax payable	1,440	389	311
	6,922	5,828	5,773

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised:

(i) The Group

The components of deferred tax assets/(liabilities) recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows:

	Note	*Tax losses* RMB million	*Accrued expenses* RMB million	*Impairment loss on assets other than fixed assets* RMB million	*Fair value changes of financial instruments* RMB million	*Temporary differences on depreciation and impairment loss on fixed assets* RMB million	*Revaluation of investment properties* RMB million	*Others* RMB million	*Total* RMB million
Deferred tax arising from:									
At 1 January 2011		338	1,299	1,855	(468)	(621)	(120)	333	2,616
(Charged)/credited to profit or loss	8(a)	(86)	290	987	(85)	33	(365)	(376)	398
Credited to reserves		-	-	-	12	-	-	3	15
Exchange differences and others		53	(3)	(14)	11	(3)	(8)	135	171
At 31 December 2011		305	1,586	2,828	(530)	(591)	(493)	95	3,200
At 1 January 2012		305	1,586	2,828	(530)	(591)	(493)	95	3,200
Credited/(charged) to profit or loss	8(a)	151	507	2,442	61	(6)	(37)	(225)	2,893
Credited to reserves		-	-	-	143	-	-	1	144
Exchange differences and others		(9)	1	5	29	(7)	90	(288)	(179)
At 31 December 2012		447	2,094	5,275	(297)	(604)	(440)	(417)	6,058

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised (continued):

(i) The Group (continued)

The components of deferred tax assets/(liabilities) recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows (continued):

Deferred tax arising from:	*Note*	*Tax losses* RMB million	*Accrued expenses* RMB million	*Impairment loss on assets other than fixed assets* RMB million	*Fair value changes of financial instruments* RMB million	*Temporary differences on depreciation and impairment loss on fixed assets* RMB million	*Revaluation of investment properties* RMB million	*Others* RMB million	*Total* RMB million
At 1 January 2013		447	2,094	5,275	(297)	(604)	(440)	(417)	6,058
Credited/(charged) to profit or loss	8(a)	311	(2)	872	(71)	459	32	50	1,651
Credited/(charged) to reserves		-	-	-	1,525	-	-	(8)	1,517
Exchange differences and others		(89)	(9)	(18)	39	(72)	11	38	(100)
At 31 December 2013		669	2,083	6,129	1,196	(217)	(397)	(337)	9,126

32 Income tax in the balance sheets (continued)

(b) Deferred tax assets/(liabilities) recognised (continued):

(ii) The Company

The components of deferred tax liabilities recognised in the balance sheets and the movements during the years ended 31 December 2011, 2012 and 2013 are as follows:

	Fair value changes of financial instruments RMB million	*Others* RMB million	*Total* RMB million
At 27 December 2011 (date of establishment)	-	-	-
Charged to reserves	(16)	(11)	(27)
At 31 December 2011	(16)	(11)	(27)
At 1 January 2012	(16)	(11)	(27)
(Charged)/credited to reserves	(18)	11	(7)
At 31 December 2012	(34)	-	(34)
At 1 January 2013	(34)	-	(34)
Charged to reserves	(7)	-	(7)
At 31 December 2013	(41)	-	(41)

(iii) Reconciliation to the balance sheets:

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Net deferred tax assets recognised on the balance sheets	5,381	8,427	10,930	-	-	-
Net deferred tax liabilities recognised on the balance sheets	(2,181)	(2,369)	(1,804)	(27)	(34)	(41)
	3,200	6,058	9,126	(27)	(34)	(41)

32 Income tax in the balance sheets (continued)

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of the following items:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deductible temporary differences	686	1,288	705
Tax losses	4,321	4,880	3,868
	5,007	6,168	4,573

It is not probable that future taxable profits against which the above deductible temporary differences and tax losses can be utilised by the Group will be available in the relevant tax jurisdictions and entities.

Included in the Group's unrecognised tax losses is an amount of RMB 1,366 million, RMB 1,966 million and RMB 1,855 million at 31 December 2011, 2012 and 2013, respectively, which can be carried forward up to five years from the years in which the loss originated. The remaining balances do not expire under current tax legislation.

The Company

The Company has not recognised deferred tax assets in respect of estimated tax losses of RMB Nil, RMB 356 million, RMB Nil at 31 December 2011, 2012 and 2013, respectively, as it is not probable that future taxable profits against which the losses can be utilised by the Company will be available. The tax loss can be carried forward up to five years from the years in which the loss originated.

(d) Deferred tax liabilities not recognised

At 31 December 2011, 2012 and 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB 21,688 million, RMB 21,222 million and RMB 20,443 million, respectively. Deferred tax liabilities of RMB 1,787 million, RMB 1,710 million and RMB 1,675 million have not been recognised in respect of the tax that would be payable on distribution of such retained profits as the Group does not intend to have these subsidiaries making any profit distribution in the foreseeable future.

33 Other assets

Other assets of the Group and the Company mainly represent deposits for the purchase of long-term assets.

34 Deposits from banks and non-bank financial institutions

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Banks	414,150	245,488	328,140
Non-bank financial institutions	120,917	123,915	229,764
	535,067	369,403	557,904
By remaining maturity:			
Within three months	525,399	298,745	350,604
Between three months and one year	9,668	70,658	161,734
Over one year	-	-	45,566
	535,067	369,403	557,904

35 Placements from banks and non-bank financial institutions

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Banks	3,857	17,165	41,372
Non-bank financial institutions	8	-	-
	3,865	17,165	41,372
By remaining maturity:			
Within three months	3,082	13,887	36,458
Between three months and one year	759	3,278	4,914
Over one year	24	-	-
	3,865	17,165	41,372

36 Trade and other payables

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Trade and bills payables	25,879	29,262	32,828	-	-	-
Advances from customers	22,084	36,666	25,874	-	-	-
Interest payables	14,274	22,686	29,335	531	1,129	1,335
Other taxes payables	3,526	3,791	3,340	-	23	35
Settlement accounts	1,169	808	11,897	-	-	-
Payment and collection clearance accounts	444	502	319	-	-	-
Other payables	27,020	34,602	35,040	6,982	7,053	2,610
	94,396	128,317	138,633	7,513	8,205	3,980

At the balance sheet dates, the ageing analysis of the Group's trade and bills payable based on the maturity date is as follows:

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
On demand	7,652	10,629	23,487
Within three months	5,313	4,605	4,320
Between three months and one year	11,844	13,972	4,763
Over one year	1,070	56	258
	25,879	29,262	32,828

37 Financial assets sold under repurchase agreements

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
By counterparties:			
PBOC	541	6,491	4,949
Banks	50	4,541	3,000
Non-bank financial institutions	1,215	700	-
	1,806	11,732	7,949
By types of collaterals:			
Debt securities	1,265	11,001	3,000
Discounted bills	541	731	4,949
	1,806	11,732	7,949

38 Deposits from customers

(a) Types of deposits from customers

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Demand deposits			
Corporate customers	763,511	830,728	919,994
Personal customers	91,761	102,120	127,430
	855,272	932,848	1,047,424
Time and call deposits			
Corporate customers	835,035	983,527	1,191,074
Personal customers	254,202	310,311	387,311
	1,089,237	1,293,838	1,578,385
Outward remittance and remittance payables	4,791	6,436	6,343
	1,949,300	2,233,122	2,632,152

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

The Group

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Bank acceptances	231,807	309,526	302,969
Letters of credit	47,665	32,012	35,882
Guarantees	10,693	14,516	22,018
Others	52,774	54,337	85,265
	342,939	410,391	446,134

39 Bank and other loans

(a) Types of loans

	Note	The Group 2011 RMB million	The Group 2012 RMB million	The Group 2013 RMB million	The Company 2011 RMB million	The Company 2012 RMB million	The Company 2013 RMB million
Bank loans							
Unsecured loans		54,660	36,251	37,453	20,019	14,561	14,458
Loan pledged with assets	39(d)	10,338	15,389	13,953	-	-	-
Guaranteed loans		463	2,877	8,952	-	-	-
		65,461	54,517	60,358	20,019	14,561	14,458
Other loans							
Unsecured loans		7,398	17,697	32,530	-	-	7,926
Loan pledged with assets	39(d)	161	1,983	2,182	-	-	-
Guaranteed loans		219	1,099	210	-	-	-
		7,778	20,779	34,922	-	-	7,926
		73,239	75,296	95,280	20,019	14,561	22,384

(b) Maturity of loans

	The Group 2011 RMB million	The Group 2012 RMB million	The Group 2013 RMB million	The Company 2011 RMB million	The Company 2012 RMB million	The Company 2013 RMB million
Bank and other loans are repayable						
Within one year	33,422	32,169	36,289	6,236	1,286	7,860
Between two and five years	35,513	36,931	54,600	12,706	12,738	14,524
Over five years	4,304	6,196	4,391	1,077	537	-
	73,239	75,296	95,280	20,019	14,561	22,384

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

	The Group 2011 RMB million	The Group 2012 RMB million	The Group 2013 RMB million	The Company 2011 RMB million	The Company 2012 RMB million	The Company 2013 RMB million
RMB	46,214	53,941	55,339	3,818	4,318	2,088
US dollar	21,147	16,971	33,979	15,951	10,137	20,266
Hong Kong dollar	3,313	2,786	2,413	-	-	-
Other currencies	2,565	1,598	3,549	250	106	30
	73,239	75,296	95,280	20,019	14,561	22,384

39 Bank and other loans (continued)

(d) At 31 December 2011, 2012 and 2013, certain bank and other loans of the Group are pledged with cash and deposits, trade and other receivables, inventories, fixed assets, intangible assets and other assets with an aggregate carrying amount of RMB 23,555 million, RMB 28,350 million and RMB 26,386 million, respectively.

(e) All of the Group's banking facilities are subject to the fulfilment of covenants relating to balance sheet ratios or ownership of a minimum shareholding in certain entities of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 46(b). As at 31 December 2011, 2012 and 2013, none of the covenants relating to drawn down facilities had been breached.

40 Debts securities issued

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Corporate bonds issued	(i)	28,888	28,844	25,632	24,210	24,146	19,919
Notes issued	(ii)	20,941	30,325	45,583	20,619	29,516	29,679
Subordinated debts issued	(iii)	24,120	43,901	45,279	-	-	-
Certificates of deposits issued		8,576	11,593	15,686	-	-	-
Convertible bonds issued	(iv)	-	492	223	-	-	-
		82,525	115,155	132,403	44,829	53,662	49,598
By remaining maturity:							
Within one year		9,560	13,388	22,043	-	3,996	3,000
Between two and five years		19,783	23,453	33,552	12,768	13,197	13,875
Over five years		53,182	78,314	76,808	32,061	36,469	32,723
		82,525	115,155	132,403	44,829	53,662	49,598

The Group did not have any defaults of principal, interest or other breaches with respect to its debt securities issued during the years ended 31 December 2011, 2012 and 2013.

Certain debt securities issued were purchased by subsidiaries of the Group. These debt securities issued were eliminated in the combined financial statements.

40 Debts securities issued (continued):

Notes:

(i) Corporate bonds issued

	Note	The Group			The Company		
		2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
The Company	(a)	23,352	23,473	19,668	24,210	24,146	19,919
CITIC Resources	(b)	5,536	5,371	4,173	-	-	-
CITIC Heavy Industries	(c)	-	-	1,791	-	-	-
		28,888	28,844	25,632	24,210	24,146	19,919

(a) Details of corporate bonds issued by the Company

2011

	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC bond-1	RMB	4,000	10 December 2003	9 December 2013	4.50%
03 CITIC bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

2012

	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC bond-1	RMB	4,000	10 December 2003	9 December 2013	4.50%
03 CITIC bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

40 Debts securities issued (continued):

Notes (continued):

(i) Corporate bonds issued (continued)

(a) Details of corporate bonds issued by the Company (continued)

	2013				
	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
02 CITIC Bond	RMB	4,500	26 August 2002	25 August 2017	4.08%
03 CITIC Bond-2	RMB	6,000	10 December 2003	9 December 2023	5.10%
05 CITIC Bond-1	RMB	4,000	7 December 2005	6 December 2025	4.60%
05 CITIC Bond-2	RMB	5,000	7 December 2005	6 December 2015	7-day interbank rate plus 1.48%
Samurai bond	JPY	10,000	19 September 1996	18 September 2016	4.95%

(b) Details of corporate bonds issued by CITIC Resources

On 17 May 2007, CITIC Resources issued USD 1,000 million 6.75% senior notes due 2014 at issue price of 99.726% with interest payable semi-annually. Certain senior notes were repurchased and cancelled by CITIC Resources in 2013.

(c) Details of corporate bonds issued by CITIC Heavy Industries

In 2013, CITIC Heavy Industries issued RMB 1,200 million 4.85% corporate bonds due 2018, and RMB 600 million 5.20% corporate bonds due 2020.

(ii) Notes issued

		The Group			*The Company*		
	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
The Company	(a)	20,619	29,417	29,679	20,619	29,516	29,679
CITIC Bank	(b)	322	908	15,904	-	-	-
		20,941	30,325	45,583	20,619	29,516	29,679

40 Debts securities issued (continued):

Notes (continued):

(ii) Notes issued (continued)

(a) Details of notes issued by the Company

2011

	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	8 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%

2012

	Denominate d currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	8 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%
2012 Medium term note -1	RMB	4,000	28 March 2012	29 March 2019	5.00%
2012 Medium term note -2	RMB	5,000	28 March 2012	29 March 2022	5.18%

2013

	Denominate d currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
2009 First tranche medium term note	RMB	3,000	17 February 2009	18 February 2014	3.85%
2010 First tranche medium term note	RMB	3,000	08 June 2010	10 June 2020	4.60%
2010 Second tranche medium term note	RMB	4,000	20 August 2010	24 August 2020	4.40%
2011 First tranche medium term note	RMB	3,000	28 July 2011	2 August 2018	5.85%
2011 Second tranche medium term note-1	RMB	2,000	15 November 2011	16 November 2018	5.10%
2011 Second tranche medium term note-2	RMB	6,000	15 November 2011	16 November 2021	5.30%
2012 Medium term note -1	RMB	4,000	28 March 2012	29 March 2019	5.00%
2012 Medium term note -2	RMB	5,000	28 March 2012	29 March 2022	5.18%

40 Debts securities issued (continued):

Notes (continued):

(ii) Notes issued (continued)

(b) Details of notes issued by CITIC Bank

The 2013 balance mainly represents financial notes with face value of RMB 15,000 million and interest rate of 5.20% per annum. These notes were issued on 8 November 2013 and will be matured on 12 November 2018.

(iii) Subordinated debts issued

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

	Note	*2011* RMB million	*2012* RMB million	*2013* RMB million
Perpetual fixed rate notes	(a)	1,519	-	-
Floating rate notes maturing in December 2017	(b)	612	-	-
Fixed rate notes maturing				
- In September 2017	(c)	-	1,871	1,791
- In June 2020	(d)	3,489	3,560	3,222
- In May 2019	(e)	-	-	1,794
Fixed rate bonds maturing				
- In May 2020	(f)	5,000	5,000	5,000
- In June 2021	(g)	2,000	2,000	2,000
- In May 2025	(h)	11,500	11,500	11,500
- In June 2027	(i)	-	19,970	19,972
		24,120	43,901	45,279

Notes:

(a) Subordinated notes with an interest rate of 9.125% per annum and with face value of USD 250 million were issued by CKWH-UTZ Limited, a subsidiary of CBI, on 23 May 2002. On 31 May 2012, CBI exercised the call option and redeemed the subordinated notes at par value.

40 Debts securities issued (continued):

Notes (continued):

(iii) Subordinated debts issued (continued)

Carrying value of subordinated debts issued by CITIC Bank (continued):

(b) On 11 December 2007, CBI issued subordinated floating rate notes with face value of USD 250 million. The interest rate per annum was the LIBOR for three-month US dollar deposits plus an interest margin of 1.75%. The notes were listed on the Singapore Exchange and will be matured on 12 December 2017. On 12 December 2012, CBI exercised the call option and redeemed the subordinated notes at par value.

(c) Subordinated notes with an interest rate of 3.875% per annum and with face value of USD 300 million were issued on 27 September 2012 by CBI. The notes will be matured on 28 September 2017.

(d) Subordinated notes with an interest rate of 6.875% per annum and with face value of USD 500 million were issued on 24 June 2010 by CBI. The notes are listed on the Singapore Exchange and will be matured on 24 June 2020.

(e) Subordinated notes with an interest rate of 6.00% per annum and with face value of USD 300 million were issued on 7 November 2013 by CBI. The notes will be matured on 07 May 2019.

(f) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.00%. CITIC Bank has an option to redeem the bonds on 28 May 2015. If they are not redeemed, the interest rate of the bonds will remain at 4.00% per annum for the next five years.

(g) The interest rate per annum on the subordinated fixed rate bonds issued on 22 June 2006 is 4.12%. CITIC Bank has an option to redeem the bonds on 22 June 2016. If they are not redeemed, the interest rate of the bonds will increase to 7.12% per annum for the next five years.

(h) The interest rate per annum on the subordinated fixed rate bonds issued on 28 May 2010 is 4.30%. CITIC Bank has an option to redeem the bonds on 28 May 2020. If they are not redeemed, the interest rate of the bonds will remain at 4.30% per annum for the next five years.

(i) The interest rate per annum on the subordinated fixed rate bonds issued on 21 June 2012 is 5.15%. CITIC Bank has an option to redeem the bonds on 21 June 2022. If they are not redeemed, the interest rate of the bonds will remain at 5.15% per annum for the next five years.

40 Debts securities issued (continued):

Notes (continued):

(iv) Convertible bonds issued

They represent the convertible bonds issued by CITIC Offshore Helicopter Co., Ltd, a subsidiary of the Group. The details of the convertible bonds are as follows:

	Denominated currency	*Face value in denominated currency Million*	*Issue date*	*Maturity date*	*Interest rate per annum*
Corporate convertible bond	RMB	650	19 December 2012	19 December 2018	The first year: 0.5% The second year: 1.0% The third year: 1.5% The forth year: 2.0% The firth year: 2.0% The sixth year: 2.0%

41 Provisions

The Group

	Environmental restoration expenditures RMB million	*Estimated expenditures on projects* RMB million	*Others* RMB million	*Total* RMB million
At 1 January 2011	231	767	113	1,111
Charge/(reversal) for the year	110	(46)	297	361
Payments made during the year	(27)	(90)	(39)	(156)
At 31 December 2011	314	631	371	1,316
At 1 January 2012	314	631	371	1,316
Exchange differences	(2)	-	1	(1)
Charge/(reversal) for the year	32	(472)	75	(365)
Payments made during the year	(28)	(59)	(27)	(114)
Transfer to payable during the year	-	(100)	(262)	(362)
At 31 December 2012	316	-	158	474
At 1 January 2013	316	-	158	474
Exchange differences	(10)	-	-	(10)
(Reversal)/charge for the year	(28)	-	120	92
Payments made during the year	(24)	-	(32)	(56)
At 31 December 2013	254	-	246	500

No provisions were made by the Company at 31 December 2011, 2012 and 2013.

42 Capital and reserves

(a) The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the respective year are set out below:

The Company

	Share capital RMB million	*Capital reserve* RMB million (note 42(c)(i))	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus reserve* RMB million (note 42(c)(iv))	*Retained earnings* RMB million (note 11)	*Total* RMB million
At 27 December 2011 (date of establishment)	-	-	-	-	-	-
Changes in equity for 2011:						
Capital contribution by shareholders	128,000	39,980	-	-	-	167,980
Total comprehensive income for the year	-	6	-	-	94	100
Transfer	-	94	-	-	(94)	-
At 31 December 2011 and 1 January 2012	128,000	40,080	-	-	-	168,080
Changes in equity for 2012:						
Total comprehensive income for the year	-	-	53	-	6,392	6,445
Appropriation to surplus reserve	-	-		648	(648)	-
Transfer of state-owned shares of a subsidiary to National Social Security Fund	-	-	-	-	(116)	(116)
Others	-	505	-	-	-	505
At 31 December 2012	128,000	40,585	53	648	5,628	174,914

42 Capital and reserves (continued)

(a) The Company (continued)

	Share capital RMB million	*Capital* reserve RMB million (note 42(c)(i)	*Investment revaluation reserve* RMB million (note 42(c)(iii))	*Surplus* reserve RMB million (note 42(c)(iv))	*Retained earnings* RMB million (note 11)	*Total* RMB million
At 1 January 2013	128,000	40,585	53	648	5,628	174,914
Changes in equity for 2013:						
Total comprehensive income for the year	-	-	22	-	5,874	5,896
Appropriation to surplus reserve	-	-	-	621	(621)	-
Others	-	(221)	-	-	-	(221)
At 31 December 2013	128,000	40,364	75	1,269	10,881	180,589

42 Capital and reserves (continued)

(b) Share capital

Registered and issued share capital

	2011		*2012*		*2013*	
	No. of shares million	*Amount* RMB million	*No. of shares* million	*Amount* RMB million	*No. of shares* million	*Amount* RMB million
Registered:						
Shares of RMB 1 each	128,000	128,000	128,000	128,000	128,000	128,000
Issued and fully paid:						
At 1 January and 31 December	128,000	128,000	128,000	128,000	128,000	128,000

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

- the amount of net assets injected by the shareholders of the Company in excess of the amount of share capital exchanged in 2011;
- the amounts of dividends received from CITIC Pacific, which are deemed as shareholders' contribution; and
- the amounts arising as results of transactions with non-controlling interests that do not result in a loss of control.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedge pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedge in note 2(k)(ii).

42 Capital and reserves (continued)

(c) Nature and purpose of reserves (continued)

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the financial assets are derecognised and is dealt with in accordance with the accounting policies set out in note 2(j)(ii).

(iv) Surplus reserve

Under the relevant PRC laws, the Group's subsidiaries in Mainland China are required to appropriate 10% of its net profit, as determined under the PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders at the Annual General Meeting.

Subject to the approval of the shareholders of the respective entities, statutory and discretionary surplus reserves may be used to make good prior year losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before such capitalisation.

(v) General reserve

Pursuant to the relevant notices issued by the Ministry of Finance of the PRC ("MOF"), CITIC Bank and certain subsidiaries under the financial services segment in Mainland China are required to set aside a general reserve to cover potential losses against their assets. In 2011, the minimum general reserve balance is 1% of the ending balance of gross risk-bearing assets. Effective from 1 July 2012, the minimum general reserve balance has increased to 1.5% of the ending balance of gross risk-bearing assets with a transition period of five years.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Mainland China as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(i).

42 Capital and reserves (continued)

(d) Profit appropriations and retained earnings

(i) Profit appropriations and distributions

	The Group			*The Company*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Appropriation to						
– Statutory surplus reserve fund	-	648	621	-	648	621
– General reserve	-	9,208	6,296	-	-	-
As at 31 December	-	9,856	6,917	-	648	621

(ii) At 31 December 2011, 2012 and 2013, the amount of reserves available for distribution to shareholders of the Company was RMB Nil, RMB 5,628 million and RMB 10,881 million, respectively.

(iii) The details of the distribution of profits in respect of the year ended 31 December 2013 are disclosed in note 52.

(e) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with of borrowings obtained and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Certain subsidiaries under the financial services segment are subject to capital adequacy requirements imposed by the external regulators. There was no non-compliance of capital requirements throughout the three years ended 31 December 2011, 2012 and 2013.

43 Movement of allowances for impairment losses

(a) The Group

	Note	2011 *At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	-	-	-	-	8
Trade and other receivables	19	809	942	(89)	(61)	(1)	1,600
Amount due from customers for contract work		595	326	-	(151)	(40)	730
Inventories	20	472	897	(8)	(217)	(1)	1,143
Loans and advances to customers and other parties	22	21,206	8,177	(1,957)	(765)	(14)	26,647
Available-for-sale financial assets	23	385	223	-	(103)	(6)	499
Held-to-maturity investments	24	109	33	-	(5)	-	137
Interests in associates	27	71	1	-	(6)	-	66
Interests in joint ventures	28	56	-	-	(16)	-	40
Fixed assets	29	190	411	-	(42)	(14)	545
Intangible assets	30	-	119	-	-	1	120
Other assets		3,134	552	(380)	(1,339)	1	1,968
		27,035	11,681	(2,434)	(2,705)	(74)	33,503

43 Movement of allowances for impairment losses (continued)

(a) The Group (continued)

		2012					
	Note	*At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	-	-	-	-	8
Trade and other receivables	19	1,600	359	(179)	(312)	(2)	1,466
Amount due from customers for contract work		730	805	-	-	(39)	1,496
Inventories	20	1,143	487	(127)	(285)	22	1,240
Loans and advances to customers and other parties	22	26,647	14,204	(1,495)	(742)	5	38,619
Available-for-sale financial assets	23	499	128	(16)	(144)	3	470
Held-to-maturity investments	24	137	-	(6)	-	(1)	130
Interests in associates	27	66	1,473	-	-	-	1,539
Interests in joint ventures	28	40	-	-	-	-	40
Fixed assets	29	545	68	-	(8)	4	609
Intangible assets	30	120	23	-	-	3	146
Other assets		1,968	464	(374)	(224)	(1)	1,833
		33,503	18,011	(2,197)	(1,715)	(6)	47,596

		2013					
	Note	*At 1 January*	*Charge for the year* (note 7(c))	*Reversal for the year* (note 7(c))	*Write-offs*	*Exchange differences and others*	*At 31 December*
Placements with banks and non-bank financial institutions	16	8	7	-	-	-	15
Trade and other receivables	19	1,466	1,084	(496)	(119)	(59)	1,876
Amount due from customers for contract work		1,496	-	-	-	(45)	1,451
Inventories	20	1,240	170	(69)	(725)	(22)	594
Loans and advances to customers and other parties	22	38,619	15,876	(5,137)	(5,305)	(93)	43,960
Available-for-sale financial assets	23	470	764	(18)	(6)	(28)	1,182
Held-to-maturity investments	24	130	-	(85)	-	3	48
Interests in associates	27	1,539	-	-	-	1	1,540
Interests in joint ventures	28	40	6	-	(10)	3	39
Fixed assets	29	609	1,467	-	(28)	(40)	2,008
Intangible assets	30	146	36	-	-	(24)	158
Other assets		1,833	75	(8)	(63)	(19)	1,818
		47,596	19,485	(5,813)	(6,256)	(323)	54,689

43 Movement of allowances for impairment losses (continued)

(b) The Company

		2011			
	Note	*At 27 December (date of establishment)* RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	-	3	-	3
Investments in subsidiaries	26	-	207	-	207
		-	210	-	210

		2012			
	Note	*At 1 January* RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	3	-	-	3
Investments in subsidiaries	26	207	-	-	207
		210	-	-	210

		2013			
	Note	*At 1January* RMB million	*Charge for the year* RMB million	*Reversal for the year* RMB million	*At 31 December* RMB million
Loans and advances to customers and other parties	22	3	-	-	3
Investments in subsidiaries	26	207	-	(207)	-
		210	-	(207)	3

44 Commitments

(a) *Credit commitments*

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

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

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

	The Group			*The Company*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Contractual amount						
Loan commitments						
– With an original maturity of within one year	80,113	100,858	86,020	-	-	-
– With an original maturity of one year or beyond	15,667	11,158	48,755	-	-	-
	95,780	112,016	134,775	-	-	-
Guarantees	64,527	103,727	129,670	12,329	9,909	5,745
Letters of credit	243,703	166,275	199,833	-	-	-
Acceptances	503,196	665,621	695,018	-	-	-
Credit card commitments	60,937	80,452	95,217	-	-	-
Others	3,807	4,400	2,568	3,807	4,400	2,568
	971,950	1,132,491	1,257,081	16,136	14,309	8,313

44 Commitments (continued)

(b) Credit risk weighted amount on credit commitments

	2011 RMB million (note (iii))	*2012* RMB million (note (iii))	*2013* RMB million (note (ii))
Credit risk weighted amount on credit commitments	375,757	414,221	428,172

(i) The above credit risk weighted amount is solely in connection with the credit commitments held by CITIC Bank under the financial services segment of the Group.

(ii) At 31 December 2013, the credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of counterparties and the maturity characteristics. The risk weighting used is ranging from 0% to 150%.

(iii) At 31 December 2011 and 2012, the credit risk weighted amount was calculated based on the rules of "Regulations Governing Capital Adequacy of Commercial Banks". This rule has been superceded since 1 January 2013.

(c) Bond redemption obligations

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

44 Commitments (continued)

(c) Bond redemption obligations (continued)

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

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Bonds redemption obligations	5,465	4,525	3,792

The Group estimates that the possibility of redemption before maturity is remote.

The Company did not have any bond redemption obligations at 31 December 2011, 2012 and 2013.

(d) Guarantees provided

Except for guarantees that have been recognised as liabilities, the guarantees issued for other enterprises at the balance sheet dates are as follows:

	The Group			*The Company*		
	2011 RMB million	*2012* RMB million	*2013* RMB million	*2011* RMB million	*2012* RMB million	*2013* RMB million
Related parties	5,470	4,420	4,700	1,500	1,500	1,500
Third parties	550	1,402	3,154	-	-	-
Subsidiaries	-	-	-	4,541	5,120	4,349
	6,020	5,822	7,854	6,041	6,620	5,849

The relationship of related parties is disclosed in note 47(a).

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

	The Group		
	2011 RMB million	*2012* RMB million	*2013* RMB million
Third parties	200	-	36

No counter guarantees were issued by the Company to third parties at 31 December 2011, 2012 and 2013.

44 Commitments (continued)

(e) Capital commitments

Capital commitments not provided for in the financial statements at the balance sheet dates are as follows:

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Contracted for	19,045	22,498	20,624
Authorised but not contracted for	1,620	400	736
	20,665	22,898	21,360

The Company did not have any capital commitment at 31 December 2011, 2012 and 2013.

(f) Operating lease commitments

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

	The Group		
	2011	*2012*	*2013*
	RMB million	RMB million	RMB million
Within one year	1,547	2,073	2,869
Between one and two years	1,378	1,889	2,657
Between two and three years	1,269	1,742	2,376
Over three years	4,570	4,864	7,596
	8,764	10,568	15,498

The Company had no operating lease commitment at 31 December 2011, 2012 and 2013.

45 Contingent liabilities

Outstanding litigations and disputes

As at 31 December 2011, 2012 and 2013, the Group was the defendant in certain pending litigations and disputes with a total gross claimed amount of RMB 881 million, RMB 573 million and RMB 785 million, respectively. Based on the opinion of internal and external legal counsels of the Group, the Group made a provision of RMB 177 million, RMB 93 million and RMB 71 million, at 31 December 2011, 2012 and 2013, respectively. The Group considers that these accruals are reasonable and adequate.

46 Financial risk management and fair values

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

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

(a) Credit risk

Credit risk mainly includes issuer risks, credit risks and country risks from loan business and treasury business within the financial services segment. For loan business, the Group identifies and manages the credit risk through its definations of target markets, credit approval process, strict counterparty selection and due diligence procedures, ongoing evaluation of the contractual capacity and collaterals of counterparties, and risk prevention and mitigation measures. For treasury business, credit risk represents impairment losses of asset value attributable to the Group resulting from lowering of ratings for issuers of debt securities. The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

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

(i) Maximum credit risk exposure

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

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(i) Maximum credit risk exposure (continued)

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deposits and balances with banks and non-bank financial institutions	780,537	706,592	673,406
Placements with banks and non-bank financial institutions	151,004	151,803	122,314
Financial assets at fair value through profit or loss	8,205	12,283	11,031
Derivative financial assets	4,741	4,254	7,768
Trade and other receivables	47,594	51,665	55,489
Financial assets held under resale agreements	162,210	69,082	287,247
Loans and advances to customers and other parties	1,416,691	1,634,293	1,903,049
Available-for-sale financial assets	128,729	196,261	178,063
Held-to-maturity investments	107,827	134,405	154,792
Investments classified as receivables	-	56,435	300,158
	2,807,538	3,017,073	3,693,317
Credit commitments and guarantees provided	977,970	1,138,313	1,264,935
Maximum credit risk exposure	3,785,508	4,155,386	4,958,252

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(i) Maximum credit risk exposure (continued)

The Company

	2011 RMB million	*2012* RMB million	*2013* RMB million
Deposits and balances with banks and non-bank financial institutions	13,562	4,702	3,966
Financial assets at fair value through profit or loss	51	1,406	28
Derivative financial assets	-	-	3
Trade and other receivables	13,856	20,036	22,287
Loans and advances to customers and other parties	28,890	26,649	20,972
	56,359	52,793	47,256
Credit commitments and guarantees provided	22,177	20,929	14,162
Maximum credit risk exposure	78,536	73,722	61,418

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure

		2011				
	Note	*Loans and advances to customers and other parties* RMB million	*Due from banks and non-bank financial institutions* RMB million	*Financial assets held under resale agreements* RMB million	*Debt securities investments and certificates of deposits* RMB million	*Investments classified as receivables* RMB million
Impaired						
Individually assessed						
Gross balance		14,982	30	-	724	-
Allowances for impairment		(7,039)	(8)	-	(440)	-
		7,943	22	-	284	-
Collectively assessed						
Gross balance		877	-	-	-	-
Allowances for impairment		(752)	-	-	-	-
		125	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		5,644	-	-	-	-
Within which:						
– Within three months		5,043	-	-	-	-
– Between three months and one year		541	-	-	-	-
– Over one year		60	-	-	-	-
Allowances for impairment		(187)	-	-	-	-
		5,457	-	-	-	-
Neither overdue nor impaired						
Gross balance		1,421,835	570,100	162,210	244,477	-
Allowances for impairment	(ii)	(18,669)	-	-	-	-
		1,403,166	570,100	162,210	244,477	-
		1,416,691	570,122	162,210	244,761	-

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

	Note	2012 *Loans and advances to customers and other parties* RMB million	*Due from banks and non-bank financial institutions* RMB million	*Financial assets held under resale agreements* RMB million	*Debt securities investments and certificates of deposits* RMB million	*Investments classified as receivables* RMB million
Impaired						
Individually assessed						
Gross balance		17,621	29	-	374	-
Allowances for impairment		(9,942)	(7)	-	(274)	-
		7,679	22	-	100	-
Collectively assessed						
Gross balance		1,296	-	-	-	-
Allowances for impairment		(983)	-	-	-	-
		313	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		10,012	15	-	-	-
Within which:						
– Within three months		9,334	15	-	-	-
– Between three months and one year		678	-	-	-	-
– Over one year		-	-	-	-	-
Allowances for impairment		(623)	-	-	-	-
		9,389	15	-	-	-
Neither overdue nor impaired						
Gross balance		1,643,983	436,858	69,082	342,849	56,435
Allowances for impairment	(ii)	(27,071)	-	-	-	-
		1,616,912	436,858	69,082	342,849	56,435
		1,634,293	436,895	69,082	342,949	56,435

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

		2013				
	Note	*Loans and advances to customers and other parties* RMB million	*Due from banks and non-bank financial institutions* RMB million	*Financial assets held under resale agreements* RMB million	*Debt securities investments and certificates of deposits* RMB million	*Investments classified as receivables* RMB million
Impaired						
Individually assessed						
Gross balance		21,490	96	-	422	-
Allowances for impairment		(11,644)	(15)	-	(200)	-
		9,846	81	-	222	-
Collectively assessed						
Gross balance		3,552	-	-	-	-
Allowances for impairment		(2,680)	-	-	-	-
		872	-	-	-	-
Overdue but not impaired	(i)					
Gross balance		15,946	30	-	-	-
Within which:						
– Within three months		14,845	30	-	-	-
– Between three months and one year		1,101	-	-	-	-
– Over one year		-	-	-	-	-
Allowances for impairment		(1,047)	-	-	-	-
		14,899	30	-	-	-
Neither overdue nor impaired						
Gross balance		1,906,021	305,256	287,247	343,664	300,158
Allowances for impairment	(ii)	(28,589)	-	-	-	-
		1,877,432	305,256	287,247	343,664	300,158
		1,903,049	305,367	287,247	343,886	300,158

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(ii) Distribution by credit exposure (continued)

Notes:

(i) Collaterals and other credit enhancements for overdue but not impaired loans and advances:

As at 31 December 2011, 2012 and 2013, the above loans and advances of the Group which were overdue but not impaired and subject to individual assessment are RMB 673 million, RMB 4,238 million and RMB 9,938 million, respectively, of which the amount of RMB 476 million, RMB 2,316 million and RMB 5,559 million, respectively, are covered by collaterals. The remaining amount of the loans and advances are not covered by collaterals.

The fair value of collaterals held against these loans and advances amounted to RMB 1,584 million, RMB 5,379 million and RMB 8,069 million as at 31 December 2011, 2012 and 2013, respectively.

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

(ii) The balances represent collectively assessed allowances of impairment losses.

46 Financial risk management and fair values (continued)

(a) *Credit risk (continued)*

(iii) Loans and advances to customers and other parties analysed by economic sector concentration:

The Group

	2011			2012			2013		
	Gross balance RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million
Corporate loans									
- Manufacturing	301,834	21%	108,898	356,703	21%	130,412	412,650	21%	149,759
- Wholesale and retail	177,121	12%	98,792	232,250	14%	133,876	298,247	15%	148,752
- Transportation, storage and postal services	125,457	9%	46,507	135,226	8%	57,017	133,884	7%	59,699
- Real estate	93,734	6%	75,870	138,027	8%	119,543	131,393	7%	115,276
- Production and supply of electric power, gas and water	79,582	6%	11,532	59,330	4%	13,749	56,805	3%	15,523
- Water, environment and public utility management	70,181	5%	29,174	62,897	4%	29,756	71,853	4%	34,543
- Public management and social organisations	54,114	4%	38,796	17,723	1%	3,241	16,992	1%	4,880
- Rental and business services	50,495	3%	26,697	53,966	3%	30,718	67,657	3%	35,537
- Construction	58,734	4%	19,918	63,653	4%	26,643	81,873	4%	32,750
- Others	114,438	8%	35,089	143,496	9%	35,870	170,333	9%	50,110
	1,125,690	78%	491,273	1,263,271	76%	580,825	1,441,687	74%	646,829
Personal loans	268,197	19%	226,213	334,647	20%	263,770	440,553	23%	330,753
Discounted bills	49,451	3%	-	74,994	4%	-	64,769	3%	-
	1,443,338	100%	717,486	1,672,912	100%	844,595	1,947,009	100%	977,582

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

(iii) Loans and advances to customers and other parties analysed by economic sector concentration (continued):

The Company

	2011			2012			2013		
	Gross balance RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	*%*	*Loans and advances secured by collaterals* RMB million
Corporate loans									
- Manufacturing	719	2%	-	719	3%	-	406	2%	-
- Real estate	18,765	66%	1,300	22,426	84%	1,931	17,479	83%	3,021
- Financial services	8,811	30%	-	730	3%	-	578	3%	-
- Others	598	2%	100	2,777	10%	100	2,512	12%	100
	28,893	100%	1,400	26,652	100%	2,031	20,975	100%	3,121

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

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

The Group

	2011			*2012*			*2013*		
	Gross balance RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million
Mainland China	1,366,876	95%	677,703	1,587,362	95%	808,161	1,851,131	95%	942,252
Hong Kong and Macau	837	0%	-	675	0%	-	764	0%	-
Overseas	75,625	5%	39,783	84,875	5%	36,434	95,114	5%	35,330
	1,443,338	100%	717,486	1,672,912	100%	844,595	1,947,009	100%	977,582

The Company

	2011			*2012*			*2013*		
	Gross balance RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million	*Gross balance* RMB million	%	*Loans and advances secured by collaterals* RMB million
Mainland China	28,139	97%	1,400	26,070	97%	2,031	20,410	97%	3,121
Hong Kong and Macau	590	2%	-	419	2%	-	406	2%	-
Overseas	164	1%	-	163	1%	-	159	1%	-
	28,893	100%	1,400	26,652	100%	2,031	20,975	100%	3,121

46 Financial risk management and fair values (continued)

(a) Credit risk (continued)

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

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue more than three months and can be analysed as follows:

The Group

	2011		*2012*		*2013*	
	Gross balance RMB million	*% of total loans and advances*	*Gross balance* RMB million	*% of total loans and advances*	*Gross balance* RMB million	*% of total loans and advances*
Rescheduled loans and advances overdue less than three months	4,594	0.32%	2,301	0.14%	2,285	0.12%
Rescheduled loans and advances overdue more than three months	4,208	0.29%	2,474	0.15%	6,091	0.31%
	8,802	0.61%	4,775	0.29%	8,376	0.43%

The Company did not have rescheduled loans and advances as at 31 December 2011, 2012 and 2013.

(vi) Offsetting

The Group and the Company have not offset financial instruments, nor have they entered into master netting arrangement or similar agreement.

46 Financial risk management and fair values (continued)

(b) Liquidity risk

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

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

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

The Group performs stress testing on its liquidity position on a regular and ad-hoc basis.

46 Financial risk management and fair values (continued)

(b) *Liquidity risk (continued)*

The following table details the remaining maturities of the Group's financial assets and liabilities at the balance sheet dates:

	2011									
	The Group					The Company				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	130,519	1,676,102	395,676	618,065	2,820,362	7,465	25,065	30,536	4,611	67,677
Total financial liabilities	(1,080,625)	(1,371,868)	(170,017)	(75,094)	(2,697,604)	(12,831)	(6,437)	(25,473)	(33,139)	(77,880)
Financial asset-liability gap	(950,106)	304,234	225,659	542,971	122,758	(5,366)	18,628	5,063	(28,528)	(10,203)

	2012									
	The Group					The Company				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	141,211	1,736,801	451,479	731,587	3,061,078	1,191	38,131	28,797	7,180	75,299
Total financial liabilities	(1,204,354)	(1,350,936)	(265,418)	(91,399)	(2,912,107)	(7,982)	(5,691)	(9,811)	(58,455)	(81,939)
Financial asset-liability gap	(1,063,143)	385,865	186,061	640,188	148,971	(6,791)	32,440	18,986	(51,275)	(6,640)

	2013									
	The Group					The Company				
	On demand RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million	*On demand* RMB million	*Within 1 year* RMB million	*Between 1 year to 5 years* RMB million	*More than 5 years* RMB million	*Total* RMB million
Total financial assets	186,125	2,057,135	663,194	844,278	3,750,732	1,678	37,423	25,995	6,534	71,630
Total financial liabilities	(1,322,951)	(1,772,372)	(403,244)	(88,118)	(3,586,685)	(9,148)	(10,860)	(28,430)	(32,692)	(81,130)
Financial asset-liability gap	(1,136,826)	284,763	259,950	756,160	164,047	(7,470)	26,563	(2,435)	(26,158)	(9,500)

46 Financial risk management and fair values (continued)

(c) *Interest rate risk*

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

(i) Asset-liabilities gap

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

	2011									
	The Group					The Company				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	60,364	2,633,728	87,724	38,546	2,820,362	26,078	41,599	-	-	67,677
Total financial liabilities	(59,472)	(2,467,221)	(135,465)	(35,446)	(2,697,604)	(13,032)	(64,848)	-	-	(77,880)
Financial asset-liability gap	892	166,507	(47,741)	3,100	122,758	13,046	(23,249)	-	-	(10,203)

	2012									
	The Group					The Company				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	89,770	2,747,518	152,635	71,155	3,061,078	44,530	30,542	227	-	75,299
Total financial liabilities	(104,900)	(2,516,854)	(205,891)	(84,462)	(2,912,107)	(13,716)	(68,223)	-	-	(81,939)
Financial asset-liability gap	(15,130)	230,664	(53,256)	(13,307)	148,971	30,814	(37,681)	227	-	(6,640)

46 Financial risk management and fair values (continued)

(c) Interest rate risk (continued)

(i) Asset-liabilities gap (continued)

Interest rate risk arises from mismatch between repricing dates of financial assets and liabilities affected by market interest rates. (continued)

	2013									
	The Group					*The Company*				
	Non-interest bearing RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million	*Non-interest bearing* RMB million	*Less than one year* RMB million	*Between one and five years* RMB million	*More than five years* RMB million	*Total* RMB million
Total financial assets	98,993	3,279,947	297,017	74,775	3,750,732	47,254	24,149	227	-	71,630
Total financial liabilities	(129,722)	(3,040,254)	(338,824)	(77,885)	(3,586,685)	(9,148)	(71,982)	-	-	(81,130)
Financial asset-liability gap	(30,729)	239,693	(41,807)	(3,110)	164,047	38,106	(47,833)	227	-	(9,500)

46 Financial risk management and fair values (continued)

(c) *Interest rate risk (continued)*

(ii) Effective interest rate

	The Group						*The Company*					
	Effective interest rate (note (i))	*2011* RMB million	*Effective interest rate* (note (i))	*2012* RMB million	*Effective interest rate* (note (i))	*2013* RMB million	*Effective interest rate*	*2011* RMB million	*Effective interest rate*	*2012* RMB million	*Effective interest rate*	*2013* RMB million
Assets												
Deposits and balances with banks and non-bank financial institutions	1.48% to 4.21%	780,537	1.50% to 4.06%	706,592	1.50% to 3.91%	673,406	0.5% to 5%	13,562	0.35% to 5%	4,702	0.35% to 2.85%	3,966
Placements with banks and non-bank financial institutions	4.33%	151,004	4.64%	151,803	4.05%	122,314		-		-		-
Financial assets held under resale agreements	4.85%	162,210	4.29%	69,082	5.02%	287,247		-		-		-
Loans and advances to customers and other parties	6.12%	1,416,691	6.69%	1,634,293	6.18%	1,903,049	8.36%	28,890	8.13%	26,649	8.74%	20,972
Investments classified as receivable		-	5.79%	56,435	6.03%	300,158		-		-		-
Investments (note (ii))	3.21%	298,981	3.63%	417,313	3.75%	427,518	3.23%	184,081	3.71%	205,965	3.80%	215,033
Others		205,274		235,476		252,011		20,183		20,296		22,540
		3,014,697		3,270,994		3,965,703		246,716		257,612		262,511
Liabilities												
Deposits from banks and non-bank financial institutions	3.73%	535,067	4.21%	369,403	4.25%	557,904		-		-		-
Placements from banks and non-bank financial institutions	4.25%	3,865	3.80%	17,165	2.47%	41,372		-		-		-
Financial assets sold under repurchase agreements	4.55%	1,806	4.03%	11,732	4.53%	7,949		-		-		-
Deposits from customers	1.84%	1,949,300	2.25%	2,233,122	2.20%	2,632,152		-		-		-
Bank and other loans	0% to 13%	73,239	0% to 14.4%	75,296	0.6% to 14.4%	95,280	1.1% to 6.83%	20,019	1.84% to 6.83%	14,561	1.45% to 6.83%	22,384
Debt securities issued	4.08% to 9.1%	82,525	0.5% to 6.9%	115,155	0.5% to 6.9%	132,403	3.9% to 5.9%	44,829	3.9% to 5.9%	53,662	3.9% to 5.9%	49,598
Others		124,569		162,246		179,005		13,788		14,475		9,940
		2,770,371		2,984,119		3,646,065		78,636		82,698		81,922

Notes:

(i) Except for debt securities issued, and bank and other loans, the effective interest rate is attributable to the assets and liabilities of CITIC Bank. For debt securities issued, and bank and other loans, the effective interest rate is attributable to the Group.

(ii) Investments of the Group include trading financial assets, available-for-sale financial assets, held-to-maturity investments, and interests in associates and joint ventures. Apart from the foregoing, investments of the Company also include investments in subsidiaries.

46 Financial risk management and fair values (continued)

(c) Interest rate risk (continued)

(iii) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit or loss. As at 31 December 2011, 2012, 2013, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would increase or decrease by RMB 1,683 million, RMB 1,597 million, RMB 1,606 million, respectively.

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

46 Financial risk management and fair values (continued)

(d) Currency risk

Currency risk arises from the changes in exchange rates on the Group's foreign currency denominated assets and liabilities. The Group manages currency risk by entering into spot and forward foreign exchange transactions, use of derivatives, and matching its foreign currency denominated assets with corresponding liabilities in the same currency. The exposure to currency risk arising from the financial assets and financial liabilities at the balance sheet dates is as follows (expressed in RMB million):

The Group

			2011		
	RMB	USD	HKD	Others	Total
Total financial assets	2,590,447	139,615	71,871	18,429	2,820,362
Total financial liabilities	(2,471,694)	(123,496)	(74,771)	(27,643)	(2,697,604)
Financial asset-liability gap	118,753	16,119	(2,900)	(9,214)	122,758

			2012		
	RMB	USD	HKD	Others	Total
Total financial assets	2,788,124	198,311	59,845	14,798	3,061,078
Total financial liabilities	(2,605,039)	(197,594)	(75,050)	(34,424)	(2,912,107)
Financial asset-liability gap	183,085	717	(15,205)	(19,626)	148,971

			2013		
	RMB	USD	HKD	Others	Total
Total financial assets	3,418,803	257,079	56,739	18,111	3,750,732
Total financial liabilities	(3,196,667)	(268,513)	(78,134)	(43,371)	(3,586,685)
Financial asset-liability gap	222,136	(11,434)	(21,395)	(25,260)	164,047

46 Financial risk management and fair values (continued)

(d) Currency risk (continued)

The Company

	2011				
	RMB	USD	HKD	Others	Total
Total financial assets	48,479	6,055	12,258	885	67,677
Total financial liabilities	(59,772)	(15,970)	(2)	(2,136)	(77,880)
Financial asset-liability gap	(11,293)	(9,915)	12,256	(1,251)	(10,203)

	2012				
	RMB	USD	HKD	Others	Total
Total financial assets	57,701	4,113	12,470	1,015	75,299
Total financial liabilities	(69,869)	(10,144)	-	(1,926)	(81,939)
Financial asset-liability gap	(12,168)	(6,031)	12,470	(911)	(6,640)

	2013				
	RMB	USD	HKD	Others	Total
Total financial assets	55,189	1,805	12,866	1,770	71,630
Total financial liabilities	(60,258)	(20,300)	(45)	(527)	(81,130)
Financial asset-liability gap	(5,069)	(18,495)	12,821	1,243	(9,500)

46 Financial risk management and fair values (continued)

(d) Currency risk (continued)

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

Assuming all other risk variables remained constant, an 100 basis points strengthening or weakening of the RMB against the USD, HKD and other currencies at 31 December 2011, 2012 and 2013 would increase or decrease the Group's profit before tax by RMB 25 million, RMB 218 million and RMB 332 million, respectively.

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions: (1) the foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB; and (2) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit before tax resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

(e) 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 dates across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair value measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

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

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

The Group

	2011			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	540	8,037	40	8,617
Derivatives financial assets	12	4,678	51	4,741
Available-for-sale financial assets	16,975	119,442	7,757	144,174
	17,527	132,157	7,848	157,532
Liabilities				
Derivatives financial liabilities	-	(3,730)	(272)	(4,002)

	2012			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,719	12,296	42	14,057
Derivatives financial assets	14	4,063	177	4,254
Available-for-sale financial assets	15,672	201,228	11,406	228,306
	17,405	217,587	11,625	246,617
Liabilities				
Derivatives financial liabilities	-	(3,316)	(276)	(3,592)

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

The Group (continued)

	2013			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,302	10,966	42	12,310
Derivatives financial assets	15	7,741	12	7,768
Available-for-sale financial assets	18,135	178,663	18,598	215,396
	19,452	197,370	18,652	235,474
Liabilities				
Derivative financial liabilities	-	(6,850)	(94)	(6,944)

The Company

	2011			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	51	-	-	51
Available-for-sale financial assets	414	-	4,604	5,018
	465	-	4,604	5,069

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

The Company (continued)

	2012			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	1,406	-	-	1,406
Available-for-sale financial assets	483	19,000	2,796	22,279
	1,889	19,000	2,796	23,685

	2013			
	Level 1 RMB million	*Level 2* RMB million	*Level 3* RMB million	*Total* RMB million
Assets				
Financial assets at fair value through profit or loss	28	-	-	28
Derivatives financial assets	-	3	-	3
Available-for-sale financial assets	503	21,374	2,270	24,147
	531	21,377	2,270	24,178

During the years ended 31 December 2011, 2012 and 2013, there were no significant transfers between instruments in different levels.

During the years ended 31 December 2011, 2012 and 2013, there were no significant changes in valuation techniques for determining the fair value of the instruments.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

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

The Group

	2011				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss RMB million	*Derivatives financial assets* RMB million	*Available-for-sale financial assets* RMB million	*Total* RMB million	*Derivatives financial liabilities* RMB million
At 1 January 2011	41	150	6,696	6,887	(437)
Total (losses)/gains:					
– in profit or loss	3	(113)	8	(102)	174
– in other comprehensive income	-	-	(68)	(68)	-
Settlements	(4)	14	1,121	1,131	(9)
At 31 December 2011	40	51	7,757	7,848	(272)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held at balance sheet date	3	(113)	8	(102)	174

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

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

The Group (continued)

	2012				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss	*Derivatives financial assets*	*Available-for-sale financial assets*	*Total*	*Derivatives financial liabilities*
	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 January 2012	40	51	7,757	7,848	(272)
Total gains/(losses):					
– in profit or loss	2	135	-	137	(2)
– in other comprehensive income	-	-	(65)	(65)	-
Settlements	-	(9)	3,714	3,705	(2)
At 31 December 2012	42	177	11,406	11,625	(276)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held at balance sheet date	2	135	-	137	(2)

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

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

The Group (continued)

	2013				
	Assets				*Liabilities*
	Financial assets at fair value through profit or loss RMB million	*Derivatives financial assets* RMB million	*Available-for-sale financial assets* RMB million	*Total* RMB million	*Derivatives financial liabilities* RMB million
At 1 January 2013	42	177	11,406	11,625	(276)
Total gains/(losses):					
– in profit or loss	1	(62)	(664)	(725)	180
– in other comprehensive income	-	-	33	33	-
Settlements	(1)	(103)	7,823	7,719	2
At 31 December 2013	42	12	18,598	18,652	(94)
Total gains/(losses) for the year included in profit or loss for assets and liabilities held in Level 3 at balance sheet date	1	(62)	(664)	(725)	180

In Level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year in the above tables are presented in "net trading gain" in the income statements.

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

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

The Company

	2011 Available-for-sale financial assets RMB million
At 27 December 2011 (date of establishment)	1,516
Total losses in other comprehensive income	(95)
Settlements	3,183
As at 31 December 2011	4,604

	2012 Available-for-sale financial assets RMB million
As at 1 January 2012	4,604
Total gains in other comprehensive income	20
Settlements	(1,828)
As at 31 December 2012	2,796

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

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

The Company (continued)

	2013 *Available-for-sale financial assets* RMB million
As at 1 January 2013	2,796
Total gains in other comprehensive income	29
Settlements	(555)
As at 31 December 2013	2,270

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

The carrying values of other financial assets and liabilities of the Group approximate their fair values at the balance sheet dates, except as follows:

The Group

	2011				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	107,827	106,629	1,193	105,436	-
Financial liabilities					
Debt securities					
– Corporate bonds issued	28,888	38,619	16,283	22,336	-
– Notes issued	20,941	21,250	397	20,853	-
– Subordinated debts issued	24,120	25,170	6,670	18,500	-
– Certificates of deposits issued	8,576	7,511	-	7,511	-
	82,525	92,550	23,350	69,200	-

	2012				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	134,405	133,390	673	132,717	-
Financial liabilities					
Debt securities					
– Corporate bonds issued	28,844	39,040	16,622	22,418	-
– Notes issued	30,325	28,440	913	27,527	-
– Subordinated debts issued	43,901	44,056	5,586	38,470	-
– Certificates of deposits issued	11,593	11,621	-	11,621	-
– Convertible bonds issued	492	492	492	-	-
	115,155	123,649	23,613	100,036	-

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

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

The Group (continued)

	2013				
	Carrying amount RMB million	*Fair value* RMB million	*Level 1* RMB million	*Level 2* RMB million	*Level 3* RMB million
Financial assets					
Held-to-maturity investments	154,792	147,099	547	146,532	20
Financial liabilities					
Debt securities					
– Corporate bonds issued	25,632	34,458	15,065	19,393	-
– Notes issued	45,583	41,012	507	40,505	-
– Subordinated debts issued	45,279	40,640	6,980	33,660	-
– Certificates of deposits issued	15,686	15,688	-	15,688	-
– Convertible bonds issued	223	279	279	-	-
	132,403	132,077	22,831	109,246	-

The Company

The carrying value of financial assets and liabilities of the Company approximate their fair values as at 31 December 2011, 2012 and 2013.

(iii) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments on the balance sheet dates.

Debt securities and equity investments

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

46 Financial risk management and fair values (continued)

(e) Fair values (continued)

(iii) Estimation of fair values (continued)

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

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

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

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

Derivatives

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

Financial guarantees

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

47 Material related party

(a) Relationship of related parties

(i) In addition to subsidiaries, related parties include parent company, fellow subsidiaries, joint ventures and associates of the Group.

(ii) For the purpose of preparing these combined financial statements, CITIC Pacific is considered as a related party of the Group.

(iii) CITIC Group, the controlling shareholder of the Group, is a state-owned company established in Beijing in 1979.

47 Material related party (continued)

(b) Key management personnel remuneration

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

The aggregate amount of the remuneration before tax for the year ended 31 December 2011 to Directors, Supervisors and Executive Officers amounted to RMB 12.38 million.

The aggregate amount of the remuneration before tax for the year ended 31 December 2012 to Directors, Supervisors and Executive Officers amounted to RMB 17.79 million.

The aggregate amount of the remuneration before tax for the year ended 31 December 2013 to Directors, Supervisors and Executive Officers amounted to RMB 11.34 million.

47 Material related party (continued)

(c) Financing arrangements

The Group

	Amounts owed to the Group by related parties			*Amounts owed by the Group to related parties*			*Related interest income*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Loans to fellow subsidiaries and CITIC Pacific	1,325	1,600	1,458	-	-	-	39	94	60
Loans to associates and joint ventures	162	166	71	-	-	-	3	3	3

The Company

	Amounts owed to the Company by related parties			*Amounts owed by the Company to related parties*			*Related interest income*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*	*2011*	*2012*	*2013*
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Loan to subsidiaries	19,503	22,348	18,852	-	-	-	24	2,001	1,834

47 Material related party (continued)

(d) Other related party transactions

(i) Transaction amounts with related parties:

The Group

	Note	2011 *Parent company* RMB million	 *Fellow subsidiaries and CITIC Pacific* RMB million	 *Associates and joint ventures* RMB million	 *Total* RMB million
Sales of goods	(1)	-	524	-	524
Interest income	(2)	-	39	3	42
Interest expenses	(1)	-	13	401	414
Fee and commission income	(1)	-	-	132	132
Fee and commission expenses	(1)	-	158	-	158
Income from other services	(1)	-	-	3	3
Expenses for other services	(1)	-	55	-	55
Interest income from deposits and receivables	(1)	-	-	138	138
Other operating expenses	(1)	-	211	16	227

	Note	2012 *Parent company* RMB million	 *Fellow subsidiaries and CITIC Pacific* RMB million	 *Associates and joint ventures* RMB million	 *Total* RMB million
Sales of goods	(1)	-	633	-	633
Purchase of goods	(1)	-	40	21	61
Interest income	(2)	-	94	3	97
Interest expenses	(1)	172	12	408	592
Fee and commission income	(1)	1	3	67	71
Fee and commission expenses	(1)	-	168	2	170
Income from other services	(1)	-	214	18	232
Expenses for other services	(1)	-	33	11	44
Interest income from deposits and receivables	(1)	-	110	60	170
Other operating expenses	(1)	-	17	3	20

47 Material related party (continued)

(d) Other related party transactions (continued)

(i) Transaction amounts with related parties (continued):

The Group (continued)

		2013			
	Note	*Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Sales of goods	(1)	-	88	-	88
Purchase of goods	(1)	-	469	-	469
Interest income	(1)	-	60	3	63
Interest expenses	(1)	30	14	383	427
Fee and commission income	(1)	-	-	1	1
Fee and commission expenses	(1)	-	3	28	31
Income from other services	(1)	-	281	-	281
Interest income from deposits and receivables	(1)	-	122	11	133

The Company

		From 27 December 2011 (the date of the Company found) to 31 December 2011			
	Note	*Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	5	-	5
Fee and commission income	(1)	-	1	-	1
Interest income from deposits and receivables	(1)	-	6	-	6
Interest income from loans and advances	(2)	-	24	-	24
Other operating expenses	(1)	-	1	-	1

47 Material related party (continued)

(d) Other related party transactions (continued)

(i) Transaction amounts with related parties (continued):

The Company (continued)

	Note	*31 December 2012* *Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	277	-	277
Fee and commission income	(1)	-	32	-	32
Interest income from deposits and receivables	(1)	-	151	-	151
Interest income from loans and advances	(2)	-	2,001	-	2,001
Other operating expenses	(1)	-	186	-	186

	Note	*31 December 2013* *Fellow subsidiaries and CITIC Pacific* RMB million	*Subsidiaries* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Interest expenses	(1)	-	228	-	228
Fee and commission income	(1)	-	10	-	10
Interest income from deposits and receivables	(1)	-	9	-	9
Interest income from loans and advances	(2)	-	1,834	-	1,834
Other operating expenses	(1)	-	50	-	50

Notes:

(1) These transactions with related parties were conducted under the normal commercial terms.

(2) Interest rates of these on loans and advances are negotiated between the Group or Company with the corresponding related parties on a case by case basis.

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties:

The Group

		2011			
	Note	*Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	-	649	4,744	5,393
Loans and advances	(2)	-	1,325	162	1,487
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Cash and deposits	(1)	-	-	20	20
Other assets	(1)	-	10	-	10
Trade and other payables	(1)	5,145	70	1,176	6,391
Deposits from customers	(1)	-	1,236	4,456	5,692
Deposits from bank and non-bank financial institutions	(1)	-	-	15,323	15,323
Other liabilities	(1)	-	5	-	5
Guarantees provided	(3)	-	-	5,470	5,470

		2012			
	Note	*Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	9	1,193	2,391	3,593
Loans and advances	(2)	-	1,600	166	1,766
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Cash and deposits	(1)	-	1	328	329
Other assets	(1)	-	1,104	-	1,104
Trade and other payables	(1)	3,771	1,250	1,319	6,340
Deposits from customers	(1)	488	1,912	12,031	14,431
Deposits from bank and non-bank financial institutions	(1)	-	-	10,615	10,615
Other liabilities	(1)	-	-	61	61
Guarantees provided	(3)	-	-	4,420	4,420

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties (continued)

The Group (continued)

	Note	*2013* *Parent company* RMB million	*Fellow subsidiaries and CITIC Pacific* RMB million	*Associates and joint ventures* RMB million	*Total* RMB million
Trade and other receivables	(1)	7	1,127	3,438	4,572
Loans and advances	(2)	-	1,458	71	1,529
Placements with banks and non-bank financial institutions	(1)	-	21	-	21
Other assets	(1)	-	1,000	-	1,000
Trade and other payables	(1)	2,466	213	400	3,079
Deposits from customers	(1)	538	2,461	3,686	6,685
Deposits from bank and non-bank financial institutions	(1)	-	3	-	3
Guarantees provided	(3)	-	-	4,700	4,700

The Company

	Note	*2011* *Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	-	13,809	-	13,809
Loans and advances	(2)	-	-	19,503	-	19,503
Cash and deposits	(1)	-	-	10,929	-	10,929
Trade and other payables	(1)	5,144	-	1,587	20	6,751
Debt securities issued	(1)	-	-	858	-	858
Other liabilities	(1)	-	-	5,519	-	5,519
Guarantees provided	(1)	-	-	4,541	1,500	6,041

47 Material related party (continued)

(d) Other related party transactions (continued)

(ii) Outstanding balances with related parties (continued)

The Company (continued)

		2012				
	Note	*Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	100	19,591	-	19,691
Loans and advances	(2)	-	-	22,348	-	22,348
Cash and deposits	(1)	-	-	2,671	22	2,693
Trade and other payables	(1)	3,755	1,089	2,206	20	7,070
Debt securities issued	(1)	-	-	772	-	772
Other liabilities	(1)	-	-	5,534	-	5,534
Guarantees provided	(1)	-	-	5,120	1,500	6,620

		2013				
	Note	*Parent company* RMB Million	*Fellow subsidiaries and CITIC Pacific* RMB Million	*Subsidiaries* RMB Million	*Associates and joint ventures* RMB Million	*Total* RMB Million
Trade and other receivables	(1)	-	-	21,265	-	21,265
Loans and advances	(2)	-	-	18,852	-	18,852
Cash and deposits	(1)	-	-	2,076	-	2,076
Trade and other payables	(1)	2,454	5	546	20	3,025
Debt securities issued	(1)	-	-	251	-	251
Other liabilities	(1)	-	-	5,203	-	5,203
Guarantees provided	(1)	-	-	4,349	1,500	5,849

Notes:

(1) These balances arose from business transactions which were conducted under the normal commercial terms.

(2) Interest rates of these loans and balances are negotiated between the Group or Company with the corresponding related party on a case by case basis.

(3) Terms on guarantees provided by the Group are agreed with the corresponding related parties on a case by case basis.

47 Material related party (continued)

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

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("state-owned entities").

Transactions with other state-owned entities include but are not limited to the following:

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

48 Involvement with uncombined structured entities

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

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include wealth management products, investment management products managed by securities companies, trust investment plans, asset-backed financings and investment funds, The Group does not combine these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through issuance of notes to investors.

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

The Group

	31 December 2011						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	480	-	-	480	-	480
Investment management products managed by securities companies	-	-	-	-	-	-	-
Trust investment plans	-	4,114	-	-	4,114	3,807	7,921
Asset-backed financings	89	6	-	-	95	-	95
Investment funds	-	475	-	-	475	-	475
Total	89	5,075	-	-	5,164	3,807	8,971

48 Involvement with uncombined structured entities (continued)

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

The Group (continued)

	31 December 2012						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	21,716	4,030	-	25,746	-	25,746
Investment management products managed by securities companies	-	-	3,269	698	3,967	-	3,967
Trust investment plans	-	2,869	26,880	1,227	30,976	4,400	35,376
Asset-backed financings	30	3	-	-	33	-	33
Investments finds	-	1,548	-	-	1,548	-	1,548
Total	30	26,136	34,179	1,925	62,270	4,400	66,670

48 Involvement with uncombined structured entities (continued)

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

The Group (continued)

	31 December 2013						
Carrying amount	*Held-to-maturity investments* RMB Million	*Available-for-sale financial assets* RMB Million	*Investments classified as receivables* RMB Million	*Financial assets held under resale agreements* RMB Million	*Total* RMB Million	*Guarantee* RMB Million	*Maximum loss exposure* RMB Million
Wealth management products	-	21,058	65,558	-	86,616	-	86,616
Investment management products managed by securities companies	-	432	114,987	7,706	123,125	-	123,125
Trust investment plans	20	9,956	96,999	1,951	108,926	2,568	111,494
Asset-backed financings	202	15	-	-	217	-	217
Investment funds	-	918	-	-	918	-	918
Total	222	32,379	277,544	9,657	319,802	2,568	322,370

The maximum loss exposure of the above wealth management products, investment management products managed by securities companies, trust investment plans and investment funds is the fair value of the assets held by the Group at the balance sheet dates. The maximum loss exposure of the asset-backed financings is the amortised cost or fair value of the assets held by the Group at the balance sheet dates in accordance with the line items of these assets recognised in the balance sheets.

48 Involvement with uncombined structured entities (continued)

(b) Structured entities sponsored by the Group which the Group does not combine but holds an interest

The types of uncombined structured entities sponsored by the Group include non-principal-guaranteed wealth management products and trust plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through issuance of notes to investors. Interest held by the Group includes fees charged by providing management services. At 31 December 2013, the carrying amount of management fee receivables being recognised in the balance sheet is RMB 474 million.

At 31 December 2013, the amount of assets held by the uncombined non-principal-guaranteed wealth management products and trust plans which are sponsored by the Group is RMB 976 billion.

At 31 December 2013, the amount of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 5,750 million. During the year of 2013, the maximum exposure of the placements from the Group with non-principal guaranteed wealth management products sponsored by the Group is RMB 7,450 million. In the opinion of management, the transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

During 2013, the amount of fee and commission income recognised from the abovementioned structured entities by the Group is RMB 7,115 million.

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December for 2013 is RMB 233 billion.

49 Material business combinations

(a) Acquisition of subsidiaries

There was no acquisition of significant subsidiaries during the years ended 31 December 2011 and 2012.

On 2 January 2013, the Group acquired 100% equity interests of CITIC Building Property Consultants Co., Ltd. ("CITIC Building") from CITIC Guoan Co., Ltd., a fellow subsidiary wholly owned by CITIC Group at a cash consideration of RMB 1,711 million.

The above acquisition is recognised as business combination under common control since CITIC Building and the Group are under the common control of the CITIC Group. The financial statements of CITIC Building are included in the combined financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control.

The carrying amount of the net assets of CITIC Building is RMB 940 million, RMB 964 million and RMB 983 million at 31 December 2011, 2012 and 2013, respectively. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination has been adjusted to the capital reserve.

(b) CITIC Heavy Industries

In 2012, CITIC Heavy Industries raised an amount of RMB 3,090 million through issuing A shares at the Shanghai Stock Exchange, the Group's portion of share ownership in CITIC Heavy Industries was then diluted from 96.71% to 71.04%. According to "the Implementing Measures for the Transfer of Some State-owned Shares from the PRC Securities Market to the National Social Security Fund" (No.94 [2009] of the Ministry of Finance), the Group transferred state-owned shares accordingly. The transferred shares are held by National Council for Social Security Fund of the PRC.

50 Supplementary information to the combined cash flow statements

Cash and cash equivalents held by the Group are as follows:

The Group

	2011 RMB million	*2012* RMB million	*2013* RMB million
Cash	5,043	6,731	6,879
Bank deposits on demand	28,925	33,712	33,001
Surplus deposit reserve funds	60,637	62,223	66,056
Investments in debt securities due within three months	11,816	9,378	12,042
Deposits with banks and non-bank financial institutions due within three months	335,900	216,253	97,617
Placements with banks and non-bank financial institutions due within three months	66,868	48,078	26,616
Cash and cash equivalents in the combined cash flow statements	509,189	376,375	242,211

51 Parent and ultimate holding company

The parent and the ultimate holding company of the Company is CITIC Group. The details of group structure are disclosed in note 1.

52 Post balance sheet events

(a) Shares transfer

As stated in note 1(c), the subsidiaries of the Company which hold the shares of CITIC Pacific will transfer such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group for their respective business needs. The relevant parties entered into framework agreements in March 2014 to transfer such shares of CITIC Pacific, the completion of which is subject to consent of the relevant third parties and regulatory authorities. As at the issuance date of these financial statements, the underlying transfer has not been completed.

(b) Distribution of profits

According to the board of directors' meeting and shareholders' meeting on 21 March 2014, distribution of profits in cash with an amount of RMB 11,200 million and RMB 5,800 million was approved in respect of the year ended 31 December 2013 and year ending 31 December 2014, respectively.

(c) Capital injection

According to the board of directors' meeting and shareholders' meeting of the Company, and the board of directors' meeting of CITIC Group on 24 March 2014, CITIC Group and CITIC Enterprise Management will inject cash with a total amount of RMB 17,000 million to the Company. The capital injection was approved by MOF on 25 March 2014, and approved by the State Administration for Industry and Commerce of the Peoples Republic of China on 27 March 2013.

53 Approval of the combined financial statements

The combined financial statements were approved and authorised for issue by the board of directors on 31 March 2014.

54 Possible impact of amendments, new standards and interpretations issued but not yet adopted

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the years ended 31 December 2011, 2012 and 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*	1 January 2014
HKFRS 9, *Financial instruments*	unspecified

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results and financial position except for HKFRS 9, *Financial instruments*, which may have an impact on the Group's result and financial position. The Group has not completed its assessment of the full impact of adopting HKFRS 9 and therefore its possible impact on the Group's results and financial position has not been quantified.

55 Principal subsidiaries, associates and joint ventures

(a) *Principal subsidiaries*

The following list contains only the particulars of principal subsidiaries of the Group.

					Proportion of ownership interest			Statutory auditors		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Holdings Co., Ltd. 中信控股有限責任公司	Mainland China	Financial services	50,000	RMB	100%	100%	-	Ernst & Young	Ernst & Young	Ernst & Young
China CITIC Bank Corporation Limited 中信銀行股份有限公司 (Note 1 and 2)	Mainland China	Banking	46,787,327	RMB	66.95% (2011 and 2012: 61.85%)	66.95% (2011 and 2012: 61.85%)	-	KPMG	KPMG	KPMG
CITIC Trust Co., Ltd. 中信信托有限責任公司	Mainland China	Trust Services	1,200,000	RMB	100%	80%	20%	Grant Thornton	Grant Thornton	Grant Thornton
CITIC Finance Company Limited 中信財務有限公司	Mainland China	Financial services	1,000,000	RMB	100%	80%	20%	N/A	KPMG	KPMG
CITIC Kingview Capital Management Co., Ltd. 中信錦繡資本管理有限責任公司	Mainland China	Financial services	50,000	RMB	73.02% (2011 and 2012: 72.79%)	30%	70%	Grant Thornton	Grant Thornton	RuiHua Certified Public Accountants
CITIC Hong Kong (Holdings) Limited	Hong Kong	Investment holding	1,053,711	HKD	100%	100%	-	PricewaterhouseCoopers	PricewaterhouseCoopers	KPMG
CITIC Real Estate Co., Ltd 中信房地產股份有限公司	Mainland China	Real estate	6,790,000	RMB	88.37% (2012: 88.37%; 2011: 80.86%)	88.37% (2012: 88.37%; 2011: 80.86%)	-	KPMG	KPMG	KPMG

55 Principal subsidiaries, associates and joint ventures (continued)

(a) *Principal subsidiaries (continued)*

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Industrial Investment Group Corp., Ltd. 中信興業投資集團有限公司	Mainland China	Real estate and Infrastructure	1,600,000 (2012: 1,600,000; 2011: 670,000)	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Heye Investment (Beijing) Co., Ltd. 北京中信和業投資有限公司	Mainland China	Real estate and Infrastructure	100,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Power Investments Limited	Hong Kong	Real estate and Infrastructure	10	HKD	100%	100%	-	Kreston CAC CPA	BDO China Shu Lun Pan Certified Public Accountants LLP	BDO China Shu Lun Pan Certified Public Accountants LLP
CITIC Land Co., Ltd. 中信置業有限公司 (Note 3)	Mainland China	Real estate and Infrastructure	500,000	RMB	100%	100%	-	N/A	N/A	Yong Tuo Certified Public Accountants
CITIC Construction Company Limited 中信建設有限責任公司	Mainland China	Construction	300,000	RMB	100%	100%	-	KPMG	KPMG	KPMG
CITIC Engineering Design and Construction Company Limited 中信工程設計建設有限公司 (Note 3)	Mainland China	Construction	1,000,000	RMB	100%	100%	-	N/A	N/A	Yong Tuo Certified Public Accountants
CITIC Resources Holdings Limited (Note 1)	Hong Kong	Resources and Energy	383,287	HKD	59.41% (2012: 59.43%; 2011: 57 %)	-	59.41% (2012: 59.43%; 2011: 57 %)	Ernst & Young	Ernst & Young	Ernst & Young

55 Principal subsidiaries, associates and joint ventures (continued)

(a) *Principal subsidiaries (continued)*

Name of company	Place of establishment/ incorporation and business	Principal activity	Registered/ Paid-up capital '000	Currency	Proportion of ownership interest: Attributable to the Group	Held by the Company	Held by subsidiaries	Statutory auditors: 2011	2012	2013
CITIC United Asia Investments Limited	Hong Kong	Resources and Energy	817,469	HKD	100%	-	100%	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Metal Co., Ltd. 中信金屬有限公司	Mainland China	Resources and Energy	1,780,000	RMB	100%	100%	-	KPMG	KPMG	BDO
CITIC Australia Pty Limited	Australia	Resources and Energy	98,763	AUD	100%	100%	-	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Kazakhstan LLP	Kazakhstan	Resources and Energy	1,500	KZT	100%	100%	-	Baker Tilly ELTAL Kazakhstan LLP	Ar-Audit LLP	Ar-Audit LLP
CITIC Heavy Industries Co., Ltd. 中信重工機械股份有限公司 (Note 2)	Mainland China	Manufacturing	2,740,000	RMB	71.04% (2012: 71.04%; 2011: 96.71%)	63.87% (2012: 63.87%; 2011: 86.83%)	7.17% (2012: 7.17%; 2011: 9.88%)	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Investment Holdings Limited 中信投資控股有限公司	Mainland China	Manufacturing	928,000 (2012: 928,000 2011: 328,000)	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Asia Satellite Holding Company Limited	British Virgin Islands	Information industry	60,524	USD	100%	-	100%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
CITIC Press Corporation 中信出版集團股份有限公司	Mainland China	Publishing	100,000	RMB	100%	95%	5%	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants

55 Principal subsidiaries, associates and joint ventures (continued)

(a) *Principal subsidiaries (continued)*

					Proportion of ownership interest			Statutory auditors		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Tianjin Holdings Co., Ltd. 中信天津投資控股有限公司	Mainland China	Services	343,220 (2012: 343,220 2011: 266,220)	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
China Zhonghaizhi Corporation 中國中海直有限責任公司	Mainland China	Services	1,000,000	RMB	51.03%	51.03%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Tourism Group Co., Ltd. 中信旅遊集團有限公司	Mainland China	Services	129,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
CITIC Automobile Co., Ltd. 中信汽車有限責任公司	Mainland China	Trading	600,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC USA Holding Inc. 中信美國集團	The United States of America	Investment holding	1	USD	100%	100%	-	BDO, USA, LLP	BDO, USA, LLP	BDO, USA, LLP
CITIC Capital Mansion Co., Ltd. 中信京城大廈有限責任公司	Mainland China	Services	800,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants
CITIC Building Property Management Co., Ltd. 北京中信國際大廈物業管理有限公司	Mainland China	Services	1,000	RMB	100%	100%	-	Grant Thornton	Grant Thornton	Grant Thornton

55 Principal subsidiaries, associates and joint ventures (continued)

(a) *Principal subsidiaries (continued)*

					Proportion of ownership interest			Statutory auditors		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Registered/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
China International Economic Consultants Co., Ltd. 中國國際經濟諮詢有限公司	Mainland China	Services	59,000	RMB	100%	100%	-	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants	Zhongjia Youyi Certified Public Accountants
Beijing Guoan Football Club Co., Ltd. 北京國安足球俱樂部有限責任公司	Mainland China	Services	75,000	RMB	100%	100%	-	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants	Yong Tuo Certified Public Accountants

Notes:

(1) These companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) These companies are listed on the Shanghai Stock Exchange.

(3) This company is wholly owned subsidiary established by the Company in 2013.

55 Principal subsidiaries, associates and joint ventures (continued)

(b) Principal associates

Details of the Group's interest in principal associates, which are accounted for using the equity method in the combined financial statements of the Group are as follows:

					Proportion of ownership interest			*Statutory auditors*		
Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Authorised/ Paid-up capital '000*	*Currency*	*Attributable to the Group*	*Held by the Company*	*Held by subsidiaries*	*2011*	*2012*	*2013*
CITIC Securities Co., Ltd. 中信證券股份有限公司 (Notes 1 and 2)	Mainland China	Securities related services	11,016,908	RMB	20.30%	20.30%	-	Ernst & Young	Ernst & Young	Ernst & Young
CITIC Dameng Holdings Limited (Note 1)	Bermuda	Resources	302,480	HKD	33.18% (2012: 33.19%; 2011: 32.24%)	-	49 %	Ernst & Young	Ernst & Young	Ernst & Young
Alumina Limited (Note 3)	Australia	Resources	2,620,000	USD	10.21%	-	13.62%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
Sinopec Yizheng Chemical Fibre Company Limited 中國石化儀征化纖股份有限公司 (Notes 1 and 2)	Mainland China	Manufacturing	6,000,000	RMB	17.25% (2012 and 2011: 18%)	17.25%	-	KPMG	KPMG	KPMG

Notes:

(1) These companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) These companies are listed on the Shanghai Stock Exchange.

(3) In 2013, the Group acquired an aggregate effective interest of 10.21% in Alumina Limited, which is listed on the Australian Securities Exchange and New York Stock Exchange, and principally involved in bauxite mining and alumina refining operations.

55 Principal subsidiaries, associates and joint ventures (continued)

(c) *Principal joint ventures*

Details of the Group's interest in principal joint ventures, which are accounted for using the equity method in the combined financial statements of the Group are as follows:

Name of company	*Place of establishment/ incorporation and business*	*Principal activity*	*Authorised/ Paid-up capital '000*	*Currency*	*Proportion of ownership interest* – *Attributable to the Group*	*Held by the Company*	*Held by a subsidiaries*	*Statutory auditors* – *2011*	*2012*	*2013*
CITIC-Prudential Life Insurance Co., Ltd. 信誠人壽保險有限公司	Mainland China	Insurance and reinsurance	2,360,000	RMB	50%	50%	-	KPMG	KPMG	KPMG
Bowenvale Limited (Note 1)	British Virgin Islands	Information industry	29,117	HKD	50.50%	-	50.50%	PricewaterhouseCoopers	PricewaterhouseCoopers	PricewaterhouseCoopers
CITIC Capital Holding Limited	Hong Kong	Investment holding	65,000	HKD	10.07% (2012: 9.30% 2011: 11.96%)	-	21.39%	PricewaterhouseCoopers	PricewaterhouseCoopers	KPMG

Note:

(1) Asia Satellite Telecommunications Holding Limited ("Asia Satellite") is an indirect associate of the Group with 74.43% shareholding held by Bowenvale Limited. The interest of Asia Satellite attributable to the Group is 37.59%. Asia Satellite is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

SCHEDULE 5

RESTRUCTURING AGREEMENT

中国中信集团公司

与

中国中信股份有限公司

之

重　组　协　议

目 录

本协议由以下双方在北京市朝阳区新源南路6号京城大厦签订:

甲方:

中国中信集团公司，一家根据中华人民共和国(以下简称“中国”)法律成立并存续的国有企业(企业法人营业执照号码: 100000000000895)，其住所为北京市朝阳区新源南路 6 号。

乙方:

中国中信股份有限公司，一家根据中国法律成立并存续的股份有限公司（企业法人营业执照号码: 100000000044124），其住所为北京市朝阳区新源南路 6 号。

鉴于:

1、甲方与其全资子公司北京中信企业管理有限公司以发起设立方式于 2011 年 12 月 27 日成立乙方，乙方拟向中国境外投资者发行新股并上市（以上合称“境外发行并上市”）。

2、甲方将其拥有的载于评估报告的相关资产、负债及权益（详见附件三 “注入资产”）作为出资注入乙方，从而需要进行相关重组。

3、在本协议签订之日，甲方拥有乙方 99.9%的股权，是乙方的控股股东，乙方承诺其境外发行并上市后不影响甲方的控股股东地位。

4、为确保重组的内容和目的得到贯彻和落实，甲方和乙方同意对重组及与重组有关事项作出适当的安排。

据此，双方立约如下：

1. 定义

1.1 除非本协议另有规定，下述用语在本协议内具有如下含义：

甲方	指中国中信集团公司及其子公司（除乙方外）、分公司及其他分支机构；除非上下文另有规定，“甲方”均应包括甲方的资产及其业务。若中国中信集团公司由全民所有制企业改制为公司制企业，则由改制后的公司承继中国中信集团公司在本协议项下的权利、义务。
乙方	指中国中信股份有限公司及其子公司、分公司及其他分支机构；除非上下文另有规定，“乙方”均应包括乙方的资产及其业务。
会计报告	指甲方为成立乙方，根据中国《企业会计准则》编制的、并经毕马威华振会计师事务所审计的中国中信股份有限公司（筹）截止2010年12月31日的备考会计报表。该等会计报告详见附件二。
注入资产	指本协议附件三中载明的甲方向乙方注入的资产、权益及相应的负债。
评估基准日	指2010年12月31日。
乙方成立日	指2011年12月27日（即国家工商行政管理总局签发乙方营业执照之日）。

重组生效日　指 2011 年 12 月 27 日，即股份公司成立日。

重组完成日　指重组按本协议、会计报告及重组文件实际完成的日期，截止日不超过重组生效日起的十二个月或双方另行协商确定的时间。

相关期间　指评估基准日（不含评估基准日）至重组生效日（含重组生效日）的期间。

重组　指本协议鉴于条款中提及的甲方将注入资产交付或过户至乙方名下的行为及过程。

重组文件　指本协议附件四所列的重组方案及重组批准文件。

重组方案　指本协议附件四所列的重组方案。

评估机构　指中联资产评估有限公司。

评估报告　指评估机构为成立乙方编制的并已由中国财政部于 2011 年 12 月 14 日核准的中联评报字 2011 第 666 号《中国中信集团公司拟投入中国中信股份有限公司（筹）的资产及负债项目资产评估报告》。

控股股东　指具备以下条件之一的人：该人单独或者与他人一致行动时，可以选出半数以上的董事；该人单独或者与他人一致行动时，可以行使公司百分之三十以上（含百分之三十）的表决权或者可以控制公司的百分之三十以上（含百分之三十）表决权的行使；该人单独或者与他人一致行动时，持有公司发行在外百分之三十以上（含百分之三十）的股份；该人单独或者与他人

一致行动时，以其他方式在事实上控制公司。

中国　　　指中华人民共和国。

人民币　　指中国的法定货币，其基本面值为“元”。

1.2　除非本协议另有规定，在本协议中：

1.2.1. 条款或附件即为本协议之条款或附件；和

1.2.2 本协议应解释为可能不时经延期、修改、变更或补充的本协议。

2. 重组的生效

2.1 甲方确认，在乙方成立日，重组已获得中国有关主管机关的批准，所有此类批准均列于本协议附件四中。双方同意，重组自重组生效日起正式生效。

2.2 双方同意，按重组文件、会计报告及本协议的有关规定实施重组，并就重组从事下列行为：

2.2.1 除本协议另有规定外，甲方合法、有效、完整地向乙方转让及交付注入资产；

2.2.2 就注入资产，依法完成有关的政府审批、全民所有制企业改制为公司制企业和变更登记手续；

2.2.3 就与注入资产相关的交易签订协议；

2.2.4 按重组文件、会计报告及本协议的有关规定，完成其他重组事项。

2.3 双方同意，自重组生效日起，乙方享有注入资产项下甲方原享有的权利，承担注入资产项下甲方原承担的义务，乙方对甲方根据重组文件、会计报告和本协议的规定保留的其他资产、权利、权益、债务和义务（包括潜在的债务和义务）及有关业务不承担任何义务和责任，亦不享有任何权利。

2.4 双方确认，注入资产已由评估机构对其进行估值（该估值记载于评估报告），并经中国有关主管机关核准。且该等注入资产项下的净资产已按法定折股比例折成127,872,000,000股，每股面值1元，该等股份已于乙方成立日发行给甲方，并已获取国家有关主管机关批准作为乙方注册资本。

2.5 双方确认，根据重组方案和毕马威华振会计师事务所出具的《验资报告》，金额为173,017,691,201.09元人民币的甲方净资产在乙方成立日已注入乙方。

3. 声明和保证

3.1 甲方对乙方作出附件一及以下的声明和保证：截至重组生效日（乙方成立日）及/或重组完成日（若在重组生效日尚未完成财产权转移手续或未取得有关同意，则应为截至重组完成日），

3.1.1 甲方根据中国法律有权将注入资产注入乙方；

3.1.2 甲方将注入资产注入乙方已取得的一切有关的批准、许可、授权、同意、确认、豁免、注册、登记在乙方成立日均为有效；

3.1.3 除已在会计报告中披露的以及在相关期间注入资产正常经营中产生的负债之外，乙方于重组生效日无其他负债（包括重大或然负债）;

3.1.4 甲方无严重违反法律或法规的并可能导致乙方蒙受任何重大经济损失的行为;

3.1.5 甲方无可能导致乙方蒙受重大经济损失的侵犯第三方的专利权、版权、专有技术、设计、商标、商誉或其他受法律保护的知识产权的行为;

3.1.6 除已披露者外，不存在针对甲方(以原告、被告或其他身份)正在进行的或待决的或声称将进行的、重大的及/或主要的、与乙方业务或资产有关并可能对乙方业务经营及/或注入资产产生重大不利影响的诉讼、仲裁、索赔或其他法律程序；也不存在任何可能对乙方业务经营及/或注入资产产生重大不利影响的索偿要求，或任何可能导致该索偿要求的事实;

3.1.7 除非甲方在本协议签署之前已向乙方作出披露，本协议附件一中的甲方的进一步声明及保证在重组生效日及乙方成立日是真实、准确、完整的。

3.2 如果甲方违反上述声明和保证而令乙方蒙受任何损失，甲方同意按本协议第 6 条的规定向乙方赔偿损失。

4. 重组的实施

4.1 双方同意尽最大努力采取一切必要措施(包括但不限于：签订或促使他人签订有关文件，申请和获得有关批准、同意、许可、授权、确认或豁免，使乙方取得所有因经营其业务所需的或与

注入资产有关的许可证，按有关程序办理一切有关注册、登记或备案手续)以确保重组按本协议和重组文件、会计报告全面实施。对重组文件、会计报告和本协议中未提及之重组须完成事项，双方将本着平等、公平和合理的原则，友好协商并妥善处理。

4.2 在相关期间，甲方在其正常的经营活动中，应根据惯常的方式经营、管理、使用和维护注入资产。

4.3 除本协议另有规定外，甲方作为出资投入乙方的注入资产在相关期间如果实现盈利，因盈利或其他原因而增加的净资产，甲方将其作为甲方在乙方的独享公积金，留待以后年度转增甲方对乙方的出资。如果在相关期间发生亏损，因亏损或其他原因而减少的净资产，甲方应以现金方式补足。

4.4 在不影响第3.1.5、3.1.6、3.1.7条的前提下，在重组生效日后（含重组生效日）发生的与注入资产有关的任何诉讼或仲裁，将由乙方作为当事人参加或乙方委托甲方代为参加有关诉讼和仲裁，该等诉讼或仲裁的结果由乙方承担。在重组生效日前（含重组生效日）发生且在重组生效日尚未完成的与注入资产有关的任何诉讼或仲裁由甲方继续完成并由其承担相关费用，需要变更诉讼或仲裁当事人的，在变更后因该等诉讼或仲裁发生的费用仍由甲方承担。在重组生效日前（不含重组生效日）一切因该等诉讼或仲裁发生的费用由甲方承担。

4.5 除乙方在本协议内或根据本协议承担的债务和责任外，其他的债务和责任仍归甲方承担，因此而产生的诉讼判决、裁定及/或仲裁裁决责任和所发生的诉讼及/或仲裁费用由甲方承担。

4.6 自重组生效日至重组完成日，甲方就注入资产所应取得的第三

方的授权、批准、同意、许可、确认或豁免应尽最大努力取得，以使注入资产完全合法、有效地注入乙方。

4.6.1 若任何必须取得的第三方授权、批准、同意、许可、确认或豁免直至重组完成日仍未获取，则乙方有权以书面形式作出决定，视该等注入资产未被重组注入，甲方收到乙方的书面决定后须向乙方补偿由此引致的一切费用、损失和责任，包括但不限于乙方为获得相应代替资产、权益、业务需发生的一切费用和责任。乙方也有权要求甲方为乙方利益继续持有该等注入资产，直至该等注入资产可以按本协议的约合法有效地、完全地注入乙方。

4.6.2 自重组生效日至重组完成日，就本4.6条所述尚未获得第三方授权、批准、同意、许可、确认或豁免的与注入资产、权益、义务有关的合约，乙方可以自行决定是否由乙方先行履行该等合约及义务。若乙方已先行履行该等合约及义务，则甲方应该补偿乙方由此发生的一切费用。

4.7 甲方按照上述第4.6条规定代表乙方并为乙方利益继续持有注入资产项下的资产、权益或负债期间，该等资产、权益和负债所引起的或与之有关的一切权利、权益、盈利及一切义务、损失及索赔（不包括甲方未履行其在第4.6条中的义务而引起的义务、损失及索赔）由乙方享有或承担。未经乙方书面同意，甲方不得处置该等注入资产。

4.8 在重组实施过程中，对于甲方和乙方之间的资产负债的划分如有任何不明之处，将以评估报告和会计报告载明的具体资产负债划分为准。如有需要，亦可参考编制评估报告和会计报告时使用的资产负债调整计算公式及其他有关工作文件。

4.9 甲乙双方分别向对方承诺，如收到重组生效后应属于对方的应收款项，将于收讫和确认该款项后七日内将其支付给对方。

4.10 甲方应将其拥有的与经营注入资产有关的业务记录、财务会计记录、营运记录、营运数据、营运统计资料、说明书、维护手册、培训手册以及有关技术记录，技术资料、技术数据、技术图纸、技术手册、技术书籍、研究与开发项目的资料及其他一切技术诀窍(无论是以文字书写的或保存于计算机内的或以任何其他方式保存的)移交给乙方。如果该等资料因其特殊性质（如不可分割）而无法移交给乙方，甲方应妥善保存该等资料并将该等资料放置于方便之处，应乙方随时要求，允许乙方免费查阅、复制或以其他方式使用。

4.11 甲方赋予乙方按照双方另行签订的《避免同业竞争协议》的规定，对某些业务机会的优先权，以及甲方拟转让业务和新业务的选择权。

4.12 甲方按照其与乙方另行签署的《商标使用许可合同》许可乙方使用上述协议项下的商标。

4.13 为保持注入资产业务的持续经营，甲方与乙方将依据不时签订的各类关联交易协议，相互为对方提供所需产品或服务。

4.14 在不限制第 4.6 条一般性原则的情况下，双方进一步约定，甲方应协助乙方办理注入资产项下融资合同的主体变更工作。甲方承诺，在重组完成日前，甲方将促使相关债权人同意并将债务由甲方转到乙方。相关债权人在乙方成立后向乙方主张的就该等债务在重组生效日前（不包括重组生效日）发生的除正常利息以外的罚息及其他费用由甲方承担，若乙方因该等罚息及其他费用而遭受损失，甲方应向乙方作出相应补

偿。若债权人在乙方成立后仍向甲方主张该等债务在重组生效日后发生的正常利息，甲方支付以后，乙方应向甲方给予相应补偿。

对于直至重组完成日仍未获得相关债权人同意转移的负债，若债权人要求甲方承担，则甲方承诺将承担偿还责任，乙方应在甲方偿还后向甲方返还与相关负债同等价值的资产。

4.15 为便于重组的实施，自重组生效日起，应乙方要求，甲方应继续为乙方与第三方之间的交易提供协助，并尽最大努力促使乙方与第三方建立良好的业务关系。甲方不应为提供上述任何工作而要求乙方支付任何费用或酬金。

5. 税费

5.1 甲方承担与注入资产有关的、在重组生效日前（不含重组生效日）产生的一切税费，但会计报告或评估报告已经预提或扣除但尚未缴付的税费由乙方承担;

5.2 除本协议第 5.1 条和第 5.3 条规定者外，乙方承担与注入资产有关的、在重组生效日后（含重组生效日）产生的一切税费。

5.3 除本协议另有规定外，一切因甲方按照重组文件、会计报告和本协议的规定 把注入资产注入乙方或与之相关而产生或发生的税费，由甲、乙双方分别依法承担。

6. 赔偿

6.1 甲方承诺，如乙方因以下任何事项蒙受损失，甲方需向乙方作出足额赔偿:

6.1.1 与上述第 5.1 条所述税费有关的一切索赔、诉讼、仲裁、损失、赔偿、付款、成本、费用和开支（上述合称"索赔"，以下条款中"索赔"含义与此处相同）；

6.1.2 上述第 5.3 条中应由甲方承担的税费及与该等税费相关的一切索赔；

6.1.3 乙方因注入资产在重组生效日前（不含重组生效日）产生的或引起的任何索赔，但在会计报告中有所披露者及会计师已为该开支预算作筹措者除外；

6.1.4 在重组生效日之前、当日或之后，

(i) 乙方因甲方未按会计报告、重组文件和本协议的规定将注入资产注入乙方而产生或与此相关而发生的任何索赔；

(ii) 乙方因甲方根据会计报告、重组文件和本协议的规定由甲方保留的资产、权益和负债而产生或与之相关而遭受的任何索赔；

(iii) 乙方因甲方将注入资产注入乙方而产生的或与此相关而发生的任何索赔；

(iv) 乙方因甲方违反本协议任何条款(包括但不限于第 3 条和附件一载明的甲方的进一步声明和保证)而遭受或产生的任何索赔。

6.2 乙方向甲方承诺赔偿因乙方违反本协议任何条款而使甲方遭受或产生的任何索赔。

6.3 第6.1条及第6.2条中提及的赔偿事项包括但不限于因解决任何索赔或执行该等索赔的判决、裁定或仲裁裁决而发生的或与此相关的一切付款、费用或开支。

甲乙任何一方依据本条向另一方提出任何赔偿要求，均应采用书面形式，并应对与该索赔有关的事实及状况作出详尽的描述。

7. 不竞争

甲方向乙方承诺，按照双方另行签订的《避免同业竞争协议》避免与乙方从事的主营业务竞争。

8. 适用法律和争议的解决

8.1 本协议应按中国法律解释并受中国法律管辖。

8.2 双方就本协议的履行有争议时，应尽可能通过友好协商解决；如于争议发生后30天内协商不成，任何一方均可向北京仲裁委员会提出申请，依据该委员会的仲裁规则进行仲裁。仲裁裁决是终局的，对双方均有约束力。

9. 附则

9.1 本协议或其附件的修订仅可经书面协议作出，经双方签字并须经双方履行法定批准程序。

9.2 本协议及其附件构成双方就本协议所含交易而达成之全部合约，并取代双方以前就该等交易而达成之任何口头和书面协议、

合约、理解和通信。各条款标题仅为方便查阅而设，不具法律效力。

9.3 本协议任何一条款成为非法、无效或不可强制执行并不影响本协议其他条款的有效性及可强制执行性。

9.4 除非另有规定，一方未行使或延迟行使本协议项下的权利、权力或特权并不构成放弃这些权利、权力和特权，而单一或部分行使这些权利、权力和特权并不排斥行使任何其他权利、权力和特权。

9.5 除法律或香港联交所或其他监管机构要求外，任何一方在未获得另一方的事先书面同意前（不得无理拒绝给与有关同意），不得发表或准许任何人士发表任何与本协议有关事宜或本协议任何附带事项有关的公告。

9.6 未经另一方事先书面同意，任何一方不得以任何方式转让其在本协议项下的全部或部分权利、权益、责任或义务。

9.7 一方根据本协议规定作出的通知或其他通讯应采用书面形式并以中文书写，并可经专人送至或以挂号邮件发至另一方注册地址。通知被视为已有效作出的日期应按以下规定确定:

9.7.1 经专人交付的通知应在专人交付对方指定人士签收之日被视为有效;

9.7.2 以挂号邮务寄出的通知应在付邮（以邮戳日期为准）后第7天（若最后一天是星期六、日或法定节假日，则顺延至下一个工作日）被视为有效;

9.7.3 以传真形式发出的通知应被视作于传真完毕的时间作出。

双方通讯地址如下：

甲　　方：中国中信集团公司
住　　所：北京市朝阳区新源南路 6 号
邮　　编：100004

乙　　方：中国中信股份有限公司
住　　所：北京市朝阳区新源南路 6 号
邮　　编：100004

若一方更改其通讯地址，应尽快按本条规定书面通知另一方。

9.8 本协议用中文书写。

9.9 本协议正本一式八份，每份协议具有同等效力。

9.10 本协议附件是本协议的组成部分，并与本协议具有同等约束力，如同已被纳入本协议。

9.11 除非本协议中另有规定，甲乙双方应自行负担各自在本协议谈判、编制和实施过程中发生的费用和开支。

9.12 本协议于双方法定代表人或授权代表签字并加盖公章后生效。

（本页无正文，为《中国中信集团公司与中国中信股份有限公司之重组协议》之签字盖章页）

甲方：中国中信集团公司（盖章）

法定代表人或授权代表（签字）：______________

2011 年 12 月 27 日

乙方：中国中信股份有限公司（盖章）

法定代表人或授权代表（签字）：______________

2012 年 1 月 16 日

附 件 一

甲方的进一步声明和保证

甲方作为乙方的主要发起人，现就有关乙方的成立效力、组织结构及注入资产在重组生效日及重组完成日时的各方面情况，向乙方作以下的进一步声明、保证及承诺。

1. 甲乙双方的法律行为能力及权限

1.1 甲乙双方分别为根据中国法律有效成立及存续并具有独立法人地位与能力的企业。

1.2 按中国法律、法规及甲乙双方的章程及/或其他组织性文件，甲方、乙方有权并已合法有效地签署本协议及其他双方分别作为当事方的有关重组的协议和合同。双方有权享有并履行该等合同、协议项下的一切权利和义务。

1.3 乙方根据中国法律有权自重组生效日起(含重组生效日)经营注入资产。

2. 股份资本

2.1 甲方保证，除甲方和北京中信企业管理有限公司之外，不存在第三人拥有与乙方股本相关或因这些股本而产生的购股权、优先购买权，并且未设定与乙方股本相关的任何抵押、留置、保证或其他第三方权利（以上合称“第三方权利”）。且除已披露者外，无协议承担或设立上述各项第三方权利，亦无任何协议或其他安排需要或可能需要乙方发行超越其现时已发行股本权益

的额外股本权益。任何有权利或自称有权利取得任何上述第三方权利者并无作出任何索取要求。

2.2 除已披露者外，并不存在关于现时或未来乙方股份或股本权益或借贷资本的发行、配售或转让的已生效的协议，也未曾给予任何人要求不论有条件或无条件发行、配售或转让乙方的任何股份或股本权益或借贷资本的权利(包括任何购股权或优先购买权或转换权)。

3. 帐目及业务

3.1 帐目

甲方为设立乙方就注入资产编制的会计报告:

3.1.1 是遵照中国《企业会计准则》准备的;

3.1.2 根据中国《企业会计准则》，列出该准则所要求的各有关日期的股东权益、资产、负债(包括或然负债)，在所有重大方面公允公正及准确地反映其业务状况;

3.1.3 作出(视情况而定)关于在会计报告所订日期乙方与注入资产相关的所有未偿负债及资本性承诺的全面提拨或准备及或然负债的说明;

3.1.4 依据会计报告附注列出的所有原则，作出(视情况而定)截至会计报告所订日期乙方及注入资产将被征收或负责缴付的所有税费的拨备或储备的说明;

3.1.5 在所有重大方面公允地反映截至评估基准日乙方及注入资产的资本、资产、负债 (包括或然负债);

3.1.6 没有被任何非经常性或特殊项目所影响；

3.1.7 在所有重大方面公允地反映乙方及注入资产于评估基准日的财务状况；

3.1.8 披露乙方及注入资产在会计报告所订日期的各项资产及负债。

3.2 固定资产的折旧

乙方及注入资产已按中国《企业会计准则》计提了固定资产折旧。

3.3 帐簿及记录

于乙方成立日，甲方转交给乙方的所有各类帐目、帐簿、分类帐、财务记录及其他记录：

3.3.1 由乙方拥有，并已遵照依法应适用的会计原则正式编制；

3.3.2 已经全面、适当及准确地保存及完成；

3.3.3 不存在任何种类的重大误差或差别；及

3.3.4 真实、公平及准确地反映其财务、合约及业务交易状况。

3.4 在重组生效日前

3.4.1 甲方均在正常、一贯及没有中断的情况下经营其业务；

3.4.2 甲方的一切业务不存在任何重大不利变动。

3.5 已存档的文件

3.5.1.按照任何适用于乙方的法律、法规及/或法例而须在世界上任何地方的任何政府机构存档的乙方的所有申报表、详细资料、决议案及文件均已遵照所有有关乙方的成立、配售及发行股份、股本权益、债券及其他证券、派付股息及乙方的其他行为的任何法律、法规及/或适用于乙方的法例的规定适当、正确地归档;

3.5.2.所有给予乙方或由其设定的抵押(如有)已按照适用于乙方的有关法例或规例登记。

3.6 拥有文件

所有关于注入资产的所有权凭证和所有协议的签署文本，及所有其他文件的正本均交由乙方拥有。

3.7 调查

除已披露的情况外，并不存在由任何政府或其他机构对乙方的事务提出而仍未解决或正在进行的重大调查或查询。

4. 税费

4.1 帐目

会计报告已对截至评估基准日的所有将向乙方征收或应由乙方缴付的税费(包括递延税项)作出了拨备或储备。

4.2 行政

4.2.1 因任何税务理由而应由乙方提呈的申报表、计算及付款已

在规定的期间内按规定的基准进行，并是正确无误的，而且其中并不存在涉及税务部门的任何重大争议事项；

4.2.2 甲方从未采取任何可能导致重大更改、严重损害或以任何方式干预曾与任何税务部门达成的任何重大安排或协议的行动；

4.2.3 甲方已在各方面遵照所有适用的有关税务的法律、法规、法例、法令或法院的判决或裁定，并保存上述任何法律、法规、法例、法令或法院的判决或裁定规定的纪录及文件交付予乙方；

4.2.4 按照任何法律、法规、法例、法令及法院的判决或裁定，已就上述第 4.2.1 条中提及的关于乙方的税务责任适当及准时地呈交用于每年评估的申请报表，且所有呈交予税务部门的帐目已符合有关税务部门的要求。

4.3 税务请求、责任及豁免

甲方已向乙方披露所有有关税务的重大事项的详细资料，且就该等资料而言，甲方拥有尚未行使之权利，可按任何法律、法规、法例、法令或命令提出减免税要求。

4.4 非正常非公平交易

4.4.1 除已披露及在本协议中另有记载外，甲方并未促使乙方以任何高于市值或并非按公平和合理的基准确定的价格收购、同意收购任何资产、接受或同意接受任何服务或设施；

4.4.2 除已披露及在本协议中另有记载外，甲方并未促使乙方以任何低于市值或并非按公平和合理的基准确定的价格出售、或同意出售任何资产、提供或同意提供任何服务或设

施;

4.4.3 除已披露及在本协议中另外记载外，甲方并无促使乙方参与为任何税务目的而进行的与其实际支付或收取的对价不同的交易。

4.5 本协议

本协议及其他任何根据重组而签订的协议的签订及完成将不会导致乙方在税务上被视为获得应纳税的盈利或其他款项。

5. 财务

5.1 资本性承诺

除已披露者外，甲方为设立乙方而开设的资本帐户并无出现资本性承诺，自评估基准日后至乙方成立日前，甲方并未促使乙方承担任何重大资本开支负担，或同意任何重大资本开支产生，或同意出售或变更任何重大资本资产或任何有关权益。

5.2 股息及分派

除已披露者外，在乙方成立日时，甲方并未为乙方支付或宣布任何股息，或作出任何其他被视为以现金或实物作出的分派，或派发其他任何从拥有的乙方股份或股本权益中取得的利息、其他收入、利益或权利。

5.3 银行及其他贷款

除已披露者外，

5.3.1 乙方从甲方承继的总贷款金额并没有超过其章程及/或任

何法律、法规、法例、法令或法院的判决或裁定所规定的借贷限额，或对乙方具有约束力的任何债券、契约或文件所规定的借贷限制；

5.3.2 甲方并未为乙方发行借贷资本，亦无同意设立或发行借贷资本；

5.3.3 乙方在相关期间及自成立以来，甲方并未为乙方偿付或有责任偿付任何重大的未到期贷款或其他重大债务，亦无任何可能导致上述情形的事件出现；

5.3.4 乙方在本协议签订日之前没有从任何债权人处收到通知(不论正式与否)，要求偿还债项或开始强制性地处置债权人持有的乙方的任何资产，亦无任何情况可能导致出现上述通知；

5.3.5 注入资产之上未设定任何重大的有关或影响乙方全部或部分业务、物业或资产的抵押、留置权或其他方式的担保、权益或债权，或其他可带来或引致前述事件发生的任何协议、安排或承诺，但按照公平原则及正常商业条款，为乙方向银行取得融资而达成者除外。

5.4 负债

除已披露者外，于本协议签订日之前，甲方并未就任何固定资产行使或声称行使留置权、债权或其他权益或追讨任何债务；亦不存在直接或间接与该等固定资产有关的争议。

5.5 营运资金

就注入资产项下的银行融资及其他融资渠道，使乙方有能力筹集充足营运资金，于重组生效日之后的十二个月内能够继续按

现行的形式及目前的经营规模经营其业务，以及可以按照现行的条款和条件实行、进行及完成所有对于乙方具有约束力而又未完成的订单、项目及合约责任。

5.6 持续融资

与注入资产相关的未偿还或可取得的所有债券、承兑信用、透支、借贷或其他融资(于本条内合称为“融资”):

5.6.1 并没有违反或不符合有关该等融资的任何文件规定;

5.6.2 并没有采取实际行动或遭受威胁要提早偿还;

5.6.3 并无任何不利于继续获得任何该等融资，或可能导致任何该等融资的条款及条件有任何不利改变的情况出现；及

5.6.4 重组及乙方的公开上市，或重组及/或该公开上市所包含的任何其他事宜均不会导致任何该等融资中断或所约定的债务加速到期。

6. 业务经营

6.1 重组及公开上市的影响

6.1.1 甲方经审慎周详的查询后认为，除已披露者外，并无资料显示，且未获悉或相信重组或乙方公开上市或订立本协议或因重组、乙方公开上市或本协议包含的任何其他事宜会导致乙方的生产经营受到重大不利影响。

6.1.2 除已披露及本协议另有规定者外，重组或乙方公开上市或订立本协议或因重组、乙方公开上市或本协议包含的任何其他事宜不会导致:

(i) 与以乙方为其中一方的任何协议或契据的任何条款、条件或规定，或适用于乙方的章程文件及/或任何法律、法规、法例、法令或命令的任何规定，或对乙方的任何资产具有约束力或管制力的任何种类及形式的任何债权、租借、合约、命令、裁决、禁令、法例或其他限制或责任相冲突，或导致违约，或构成不履行义务;

(ii) 免除任何人对乙方的任何义务，或授权任何人决定任何同类义务或乙方享有的任何权利或利益;

(iii) 导致对乙方的任何资产设定、形成或行使任何形式的债权;

(iv) 导致乙方的任何现有债务于指定到期日前提早到期并须偿还或可能被声称到期而须偿还。

6.2 经营业务

6.2.1 乙方在各方面可根据其章程及/或任何适用的法律、法规、法例、法令及其与注入资产相关的文件经营业务及处理其事务;

6.2.2 乙方有权及完全有资格承继与注入资产有关的经营业务;

6.2.3 与注入资产相关的重大活动、合约、权利在重组生效日不存在任何超越权限、未经授权或无效的情况。

6.3 符合法规

注入资产所涉及的有关行政人员、代理人及雇员（在执行职务

期间）在重组生效日之前概无可能导致乙方遭受任何重大罚款、惩罚、诉讼或其他责任的触犯任何法律、法规、条例、命令的行为。

6.4 授权书及权限

除本协议另有规定及乙方正常经营所需外，甲方概无授权任何人士(明示或默示)代表乙方订立任何合约或作出任何承诺 ，亦无赋予任何人士任何其他代理权利或权力。

6.5 许可证及同意书

6.5.1 除已披露及本协议另有规定外，甲方协助乙方向有关政府机关取得与注入资产相关的重要许可证及同意书，以使乙方合法及适当地经营其业务，而一切许可证及同意书均有效及持续有效;

6.5.2 乙方无违反该等许可证或同意书之任何条款或条件，亦无足以影响任何该等许可证或同意书之持续性的因素。

6. 6承继之合约

6.6.1 于本协议签署日有关甲方作为与注入资产有关的重大合约一方之详尽准确资料已向乙方披露:

(i) 所有该等合约均属有效，没有被撤销或作废，亦不会由于重组、乙方股票上市及订立本协议或任何其他情况而终止或受不利影响。甲方已经对该等情形作出充分审慎之查询，而属需要告知乙方有关该等合约所载之条款、协定及条件的，均已正式告知乙方;

(ii) 截至本协议签署之日，甲方、乙方概无收到任何该等合

约之其他当事人向乙方有关任何该等合约之违约通知，以终止或以其他方式终止该等合约，且有关乙方与任何第三者约定履行之义务概无发生争议。

6.6.2 在乙方的合理要求下，甲方应采取有关行动，以促使与注入资产有关的重大合约的其他方，同意乙方自重组生效日起代替甲方成为有关合约的其中一方。

6.6.3 就各承继之合约的利益而言，甲方应完全地为乙方的利益而自身或促使合同他方适当履行该等合约，并应促使乙方获得第三方许可，履行在承继合约的条款下规定原由甲方履行的所有义务，而乙方亦应履行该等义务。

6.6.4 甲方应尽最大努力完成合约主体由甲方变更为乙方。对于截至重组完成日尚未完成合约主体变更的承继合约，甲方同意乙方以甲方名义继续履行该等合约直至该等合约履行完毕或办理完毕合约主体变更手续，甲方同意该等合约项下的权利、义务由乙方实际享有或承担。若由于该等合约主体变更手续未完成，给乙方造成损失、索赔、支出和费用、且该等损失、索赔、支出和费用非因乙方自身的过失所导致的，甲方承担赔偿责任。

6.7 违约之事项

在重组生效日:

6.7.1 甲方并无违反与注入资产相关的重大协议的行为;

6.7.2 甲方并无可能因其就注入资产所作的任何陈述、保证 (无论明示或默示)或其他事项承担重大责任。

6.7.3 现时并无任何与注入资产相关的索偿，是由于与注入资产相关的任何协议、文件或安排的毁约行为、违反、疏忽或不当履行或其他方式而引起的；亦未有该等索偿是已经或将要向乙方进行的；亦无任何情况可能会引致该等索偿在重组生效日后发生。

6.8 重大合约均属公平

甲方就注入资产并无参与订立非完全按公平原则订立的重大合约或安排，且其于重组生效日之前三年期间的盈利或财务状况并无因非完全按公平原则订立的合同或安排而受到重大影响。甲方经过审慎周详的查询后，并无发现乙方的盈利或财务状况可能受非完全按公平原则订立的合约或安排所影响之任何情况。

6.9 甲方将尽最大努力解除甲方对乙方的债务担保和乙方对甲方的债务担保（如有，包括但不限于抵押、质押、保证等）。

7. 雇用员工

7.1 雇员及聘用协议

甲方将尽力促使因乙方业务需要而进入乙方的员工（“转职员工”），与乙方订立由乙方合理地定出条件的聘用协议（倘转职员工在本协议生效日前尚未与乙方订立聘用协议），惟乙方无须就任何转职员工在重组生效日前其为乙方提供服务而承担责任，亦无须就其与甲方在重组生效日前的任何服务期间的服务承担责任，而甲方应就乙方在任何时间由此而招致的责任向乙方作出全面补偿。

除已披露或在本协议中另有记载者外，乙方与任何工会之间或与其他代表乙方任何成员、雇员的团体之间概无订立任何协议或其他安排(不论是否受法律约束)。

7.2 劳动争议

转职员工并无牵涉可能使乙方受到严重不利影响的劳动争议，且根据乙方或其董事或甲方已知悉的事实或经过合理查询后可知悉的事实，并无显示乙方可能牵涉此类纠纷或经协议的规定或根据重组及/或乙方股票上市签署的文件或因重组及/或乙方股票上市而预期会发生的事项可能导致此类劳动争议。

8. 资产

8.1 资产所有权

8.1.1 在重组生效日前，甲方合法拥有注入资产，并有权将其转让给乙方；转让所需的一切法律手续，包括政府批准及/或第三者批准，不存在不予批准的法律障碍；

8.1.2 乙方于成立日，拥有注入资产，并拥有其有效的所有权及/或使用权；

8.1.3 除本协议另有规定或已披露者外，甲方并无就显示于会计报告内或自该会计报告截止日期以来所收购的任何资产设立或同意设立、转让或同意转让任何按揭、抵押、留置、债券或其他证券权益或其他财产权益，且除已披露者外，该等资产概无涉及任何融资租赁。

8.2 经营业务所需的资产

8.2.1 甲方对乙方的出资足以使乙方有效地及全面地从事与注

入资产相关的一切业务;

8.2.2 根据重组方案划归乙方的所有职工足够使乙方能继续以现行方式有效地经营投入乙方之一切业务。

8.2.3 在相关期间，甲方在其正常的经营活动中，以正常的方式经营、管理、使用和维护注入资产，注入资产的价值自评估基准日起并无重大的不利改变。

8.3 保险

8.3.1 乙方所承继的一切保险全部有效，且并未作出或遗漏任何事项足以令任何保险失效或可能导致保险费增加;

8.3.2 乙方所承继的一切保险不受任何特别、或非正常条款的限制，且乙方不必在正常保费以外支付任何款额;

8.3.3 除已披露者外，根据任何上述保单，不存在乙方提出或可能提出任何索赔要求的情形，亦无任何情况可能引致该等索赔要求。

8.4 商业秘密、知识产权

8.4.1 甲方并未(除于正常及一般业务运作外)向任何人士披露或容许披露或承诺或安排披露乙方从甲方受让的专有技术、商业秘密、机密资料、成本表或客户或供应商名单;

8.4.2 所有有关许可乙方业务运作所需或使用的知识产权(包括但不限于本协议中规定的知识产权)均为:

(i) 有效存在及可强制执行的;

(ii) 已被乙方取得许可使用权，且没有抵押、按揭或(除已披露者外）其他第三者权益；

(iii) 没有违反其他任何协议或侵犯其他人的知识产权而严重影响乙方的经营；及

(iv) 概无任何诉讼争议或其他法律程序进行并严重威胁及影响该等知识产权的所有权、使用权或有效性。

8.4.3 甲方并无遗漏任何重大事项致使上述许可或授予乙方的许可证或其他权证被终止或构成对任何该许可证或权证的条款的违反；

8.4.4 甲方并无参与任何可能限制上述乙方专有技术、商业秘密、机密资料、成本表或客户或供应商名单等信息资料的运用或向对方披露的协议。

8.5 土地

8.5.1 甲方承诺对注入资产中的土地均拥有合法的使用权，且除已披露者外，没有在该等土地使用权上设定抵押或其他第三者权利限制。

8.5.2 对于已经披露的负有第三人权利限制的土地使用权，甲方承诺将在重组完成日前尽最大的努力，争取解除第三人权利。如截至重组完成之日，仍有部分土地使用权未能解除第三人权利负担并给乙方生产经营正常使用造成影响及损失的，甲方将相应赔偿乙方的损失。

8.5.3 甲方承诺，将尽最大努力确保所有注入资产中的土地均

可以按现在的用途使用。

8.5.4 就甲方注入乙方的尚待依法完善用地手续的土地使用权，甲方承诺：自重组生效日起十二个月内，甲方将尽最大努力，为乙方向相关的土地管理部门申领土地使用权证书，该土地使用权证书应以乙方为使用权人，办理该等土地使用权证书的相关费用由甲方承担；若上述土地使用权在评估机构进行资产评估时已考虑了瑕疵情况并体现在评估价值中，则办理该等土地使用权证书的相关费用由乙方承担。由于该等土地使用权权属瑕疵给乙方造成损失、索赔、支出和费用的，由甲方承担赔偿责任。甲方进一步承诺，就乙方于相关期间新增的划拨土地使用权（如有），协助乙方办理划拨土地的出让手续，相关费用由乙方承担。

办理上述手续涉及的税项按本协议第 5 条处理。

8.5.5 根据甲方和或第三方与乙方分别签署的土地使用权租赁协议，甲方同意或者促使第三方将该土地使用权租赁协议所列之土地使用权租赁给乙方使用。

8.5.6 对于甲方出租给乙方使用的土地使用权，甲方承诺其拥有前述土地的使用权，乙方可以无争议的使用该等土地。若该等土地使用权发生权属争议，甲方将负责解决由此发生的一切纠纷，承担由此导致的一切法律责任及由此发生的或与之相关的费用、税收、开支、索赔，确保乙方的正常生产经营不受影响，并对由此给乙方造成的一切损失给予补偿。

8.5.7 对于第三方原出租给甲方的在重组后需将承租方变更为乙方的土地使用权，甲方保证乙方可以无争议的使用

该等土地。若该等土地使用权发生权属争议，甲方将负责解决由此发生的一切纠纷，承担由此导致的一切法律责任及由此发生的或与之相关的费用、税收、开支，确保乙方的正常生产经营不受影响。若由于该等土地使用权的权属争议，给乙方造成损失、索赔、支出和费用的，甲方承担赔偿责任。

8.6 房产

8.6.1 甲方承诺，就注入资产中的房产拥有合法的所有权或使用权，且在该等房产所有权上没有设置抵押或其他任何第三方权利限制（已向乙方披露的除外）。

8.6.2 对于已经披露的负有第三人权利限制的房产，甲方承诺将在重组完成日前尽最大的努力，争取解除第三人权利。如截至重组完成之日，仍有部分房产未能解除第三人权利负担并给乙方生产经营正常使用造成影响及损失的，甲方将足额赔偿乙方的损失。

8.6.3 甲方承诺，所有注入资产中的房产均可以按现在的用途使用。在其拥有土地使用权的土地上建筑的房产均符合国家法律、法规及政府批准的规划方案和用途（已向乙方披露的除外）。

8.6.4 甲方承诺：

（1） 对于注入资产中尚未取得权属证书、权属证明的房产，自重组生效日起十二个月内，甲方应尽最大努力，为乙方向相关的房屋管理部门申请房屋所有权证，该房屋所有权证应以相应的乙方为所有权人，办理房屋所有权证的相关费

用由甲方承担;若上述房屋在评估机构进行资产评估时已考虑了瑕疵情况并体现在评估价值中,则办理房屋所有权证的相关费用由乙方承担。

（2） 对于注入资产中具备有效权属证明的房产,在相关权属证明的有效期内，甲方应尽最大努力，为乙方向相关的房屋管理部门申请房屋所有权证,该房屋所有权证应以乙方为所有权人;

（3） 对于在相关期间新增的房屋和在建工程,甲方应于项目竣工验收后六个月内,协助乙方向相关的房屋管理部门申请房屋所有权证，该等房屋所有权证应以乙方为所有权人，办理房屋所有权证的相关费用由乙方承担。

（4） 办理上述手续涉及的税项按本协议第5条处理。

8.6.5 就甲方出租给乙方使用的未取得权属证书的房屋,甲方承诺其拥有前述房屋的所有权，乙方可以无争议的使用该等房屋。若该等房屋发生权属争议，甲方将负责解决由此发生的一切纠纷,并承担由此导致的一切法律责任及由此发生的或与之相关的费用、开支；若由于该等房屋的权属争议，给乙方造成损失、索赔、支出和费用的，甲方承担赔偿责任。

8.6.6 就第三方原出租给甲方使用在重组后需将承租人变更为乙方的未取得权属证书的房屋,甲方保证乙方可以无争议的使用该等房屋。若该等房屋发生权属争议，甲方将负责解决由此发生的一切纠纷,承担由此导致的一切法律责任及由此发生的或与之相关的费用、开支；若由于该等房屋的权属争议，给乙方造成损失、索赔、支出和费用的,甲方承担赔偿责任。

8.6.7 甲方承诺，如任何人士以附件一第 8.5 条和第 8.6 条所载内容不实为由提出权利主张或索偿要求，甲方将采取合理步骤或行动维护乙方的权利和权益，并补偿乙方因此而遭受的一切损失。

9. 环境保护

9.1 甲方无严重违反有关环境保护的法律及法规的行为。

9.2 投入乙方的资产及业务概无涉及有关环境保护方面之民事、刑事或行政方面重大索赔、调查、投诉或诉讼的威胁。

10. 资料

所有载于本协议及其附件的资料均是真实、完整及准确的。

11. 遵守法律

11.1. 乙方从甲方承继在经营业务，均符合中国及其他地方的适用法律、法规及工作守则及其不时有效的组织文件，亦无违犯或违反中国或任何外国国家的法院或政府机关的任何法律、法规、规则、指令或判决，而该等违犯或违反令其财政状况或业务前景遭受严重影响。

11.2. 乙方从甲方承继的经营业务须向相关人士、管理机关或团体取得之所有许可、准许、授权、同意及豁免现时均具有完全效力，亦无任何情况（包括重组及签订本协议）会引致任何该等许可、准许、授权、同意或豁免完全或部份被取消或不能续展。

12. 优惠待遇

甲方作为乙方的控股股东应积极为乙方向国家申请各项优惠政策。

附 件 二

中国中信集团公司拟投入
中国中信股份有限公司（筹）的资产及负债

于2010年12月31日的备考资产及负债表

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Beijing 100738
China

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审计报告

KPMG-A(2011)AR No.1136

中国中信集团公司：

我们审计了后附的第 1 页至第 15 页的中国中信集团公司（以下简称“贵公司”）拟投入中国中信股份有限公司（筹）的资产及负债于 2010 年 12 月 31 日的备考资产及负债表及其相关附注（以下简称“备考资产及负债表”）。该备考资产及负债表是按照备考资产及负债表附注 2（以下简称“附注 2”）所述的编制基础编制的。

一、贵公司管理层对备考资产及负债表的责任

按照附注 2 所述的编制基础编制备考资产及负债表是贵公司管理层的责任。这种责任包括：（1）设计、实施和维护与备考资产及负债表编制相关的内部控制，以使备考资产及负债表不存在由于舞弊或错误而导致的重大错报；（2）选择和运用恰当的会计政策；（3）作出合理的会计估计。

二、注册会计师的责任

我们的责任是在实施审计工作的基础上对备考资产及负债表发表审计意见。我们按照中国注册会计师审计准则的规定执行了审计工作。中国注册会计师审计准则要求我们遵守职业道德规范，计划和实施审计工作以对备考资产及负债表是否不存在重大错报获取合理保证。

审计工作涉及实施审计程序，以获取有关备考资产及负债表金额和披露的审计证据。选择的审计程序取决于注册会计师的判断，包括对由于舞弊或错误导致的备考资产及负债表重大错报风险的评估。在进行风险评估时，我们考虑与备考资产及负债表编制相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性，以及评价备考资产及负债表的总体列报。

我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

KPMG

审计报告（续）

KPMG-A(2011)AR No.1136

三、审计意见

我们认为，上述于 2010 年 12 月 31 日的备考资产及负债表在所有重大方面已经按照附注 2 所述的编制基础编制。

本报告仅供贵公司设立中国中信股份有限公司（筹）之目的向中华人民共和国财政部递交核准文件而使用。除此之外，本报告不应被任何其他人士所依赖用于任何其它目的。我们对任何其他人士使用本报告产生的一切后果概不承担任何责任或义务。未经本所的事先书面同意，不得披露、提及或引用本报告的全部或部分内容。

毕马威华振会计师事务所

中国注册会计师

金乃雯

中国 北京

王洁

2011年9月15日

中国中信集团公司
拟投入中国中信股份有限公司（筹）的
备考资产及负债表
2010 年 12 月 31 日
（金额单位：人民币元）

	附注	2010 年 12 月 31 日
资产		
货币资金	4	8,719,090,347.07
贷款	5	34,882,049,344.88
应收款项	6	23,441,415,537.60
投资	7	56,496,280,321.39
固定资产		20,397,303.26
其他资产		49,483,648.51
资产合计		123,608,716,502.71
负债和所有者权益		
负债		
应付款项		12,213,068,430.96
借款		22,576,076,784.49
应付债券	8	37,489,852,703.84
其他负债		94,799,617.92
负债合计		72,373,797,537.21
净资产		51,234,918,965.50

此备考资产及负债表已于 2011 年 9 月 15 日获董事会批准。

法定代表人	主管会计工作的公司负责人	会计机构负责人
(签名和盖章)	(签名和盖章)	(签名和盖章)

中国中信集团公司

刊载于第 2 页至第 15 页的备考资产及负债表附注为本备考资产及负债表的组成部分。

中国中信集团公司
拟投入中国中信股份有限公司（筹）的
备考资产及负债表附注
（金额单位：人民币元）

1　公司基本情况

中国中信集团公司（以下简称“本公司”）成立于 1979 年，是经中华人民共和国国务院（以下简称“国务院”）批准设立的综合性企业集团，总部位于北京。本公司注册地址为北京市朝阳区新源南路 6 号。

根据《财政部关于中国中信集团公司重组改制方案的批复》(财金[2011]26 号文，“关于中信集团重组改制的批复”）以及本公司和北京中信企业管理有限公司（以下简称“中信企业管理”）拟签署的《中国中信股份有限公司发起人协议》（以下简称“发起人协议”），本公司和中信企业管理拟发起设立中国中信股份有限公司（筹）（以下简称“目标公司”）。本公司拟将持有的绝大部分分子公司股权及绝大部分其他资产及负债，以 2010 年 12 月 31 日作为评估基准日的评估后价值出资，占申请登记注册资本总额的 99.9%。中信企业管理以货币出资，占申请登记注册资本总额的 0.1%。

2　备考资产及负债表编制基础

(1)　根据中华人民共和国财政部（以下简称“财政部”）关于中信集团重组改制的批复及本公司于 2011 年 9 月 14 日向财政部递交的《关于中国中信集团公司重组改制过程中涉及资产边界相关事宜的报告》，本公司拟投入目标公司的资产及负债主要包括本公司占有从事金融、投资控股、房地产及基础设施、工程承包、制造、资源开发、信息产业和其他服务业等业务的子公司的绝大部分股权及本公司绝大部分的其他资产及负债。

本公司以 2009 年 1 月 1 日起执行财政部颁布于 2006 年 2 月 15 日的《企业会计准则——基本准则》和 38 项具体会计准则、其后颁布的企业会计准则应用指南、企业会计准则解释以及其他相关规定的要求（“企业会计准则”）为基础编制财务报表。本公司在编制本备考资产及负债表时，对中信房地产股份有限公司和中信重工机械股份有限公司这两家子公司的长期股权投资的追溯调整以其改制设立股份有限公司为限，并按其自身公司制改制评估基准日的评估前归属于母公司合并净资产作为本公司对这两家子公司长期股权投资于子公司改制评估基准日的认定成本。除上述以外，在编制上述备考资产及负债表的过程中，本公司已根据《企业会计准则第 38 号——首次执行企业会计准则》及相关衔接规定的要求，确定 2009 年 1 月 1 日的资产负债表期初数。

本备考资产及负债表列示于2010年12月31日的资产及负债是假设目标公司于2010年12月31日已存在，并假设上述拟投入目标公司的资产及负债已于2010年12月31日由本公司投入目标公司。

本备考资产及负债表以上述确定的2009年1月1日的资产负债表期初数为基础并根据以下附注3所述的会计政策编制。编制本备考资产及负债表的会计政策符合企业会计准则的要求。

本备考资产及负债表为本公司向财政部递交中国中信股份有限公司（筹）的核准文件使用目的而编制。因而，本备考资产及负债表不是一份完整的财务报表，也不包含一份完整财务报表所应披露的所有会计政策及附注。本备考资产及负债表没有考虑为设立目标公司而以2010年12月31日为评估基准日进行的资产评估的影响。

(2) 会计年度

本公司的会计年度自公历1月1日起至12月31日止。

(3) 计量属性

本公司编制备考资产及负债表时一般采用历史成本进行计量，但以下资产和负债除外：

- 以公允价值计量且其变动计入当期损益的金融资产和金融负债（包括交易性金融资产或金融负债）（参见附注3(3)）
- 可供出售金融资产（参见附注3(3)）

(4) 列报货币

本公司的记账本位币为人民币。本公司编制备考资产及负债表采用的货币为人民币。

3 主要会计政策

(1) 外币折算

本公司外币交易在初始确认时按交易发生日的即期汇率折合为人民币。即期汇率是中国人民银行公布的人民币外汇牌价。

期末外币货币性项目，采用资产负债表日的即期汇率折算，汇兑差额计入当期损益。以历史成本计量的外币非货币性项目，不改变其记账本位币金额。以公允价值计量的外币非货币性项目，采用公允价值确定日的即期汇率折算，折算后的记账本位币金额与原记账本位币金额的差额，属于可供出售金融资产的外币非货币性项目，其差额计入资本公积；属于以公允价值计量且其变动计入当期损益的外币非货币性项目，其差额计入当期损益。

(2) 长期股权投资

(a) 对子公司的投资

本公司对子公司的长期股权投资的投资成本按以下原则进行初始计量：

- 对于通过多次交易分步实现非同一控制下企业合并形成的对子公司的长期股权投资，本公司以购买日之前所持被购买方的股权投资的账面价值与购买日新增投资成本之和作为全部投资的初始投资成本。

- 对于其他非同一控制下的企业合并形成的对子公司的长期股权投资，本公司按照购买日为取得对被购买方的控制权而付出的资产、发生或承担的负债以及发行的权益性证券的公允价值作为长期股权投资的初始投资成本。

- 对于非企业合并形成的对子公司的长期股权投资，在初始确认时，对于以支付现金取得的长期股权投资，本公司按照实际支付的购买价款作为初始投资成本。对于发行权益性证券取得的长期股权投资，本公司按照发行权益性证券的公允价值作为初始投资成本。对于投资者投入的长期股权投资，本公司按照投资合同或协议约定的价值作为初始投资成本。

本公司采用成本法对子公司的长期股权投资进行后续计量，除取得投资时实际支付的价款或对价中包含的已宣告但尚未发放的现金股利或利润外，本公司按照享有被投资单位宣告发放的现金股利或利润确认投资收益，不划分是否属于投资前和投资后被投资单位实现的净利润。本公司按照上述规定确认投资收益后，会关注长期股权投资的账面价值是否大于享有被投资单位净资产（包括相关商誉）账面价值的份额，如果大于则根据附注 3(4)所述的会计政策对长期股权投资进行减值测试，可收回金额低于长期股权投资账面价值的，计提减值准备。期末按照成本减去减值准备（附注 3(4)(c)）后计入资产负债表内。

(b) 对合营企业和联营企业的投资

合营企业指本公司与其他投资方根据合约安排对其实施共同控制的企业。共同控制指按照合同约定对经济活动所共有的控制，仅在与经济活动相关的重要财务和经营决策需要分享控制权的投资方一致同意时存在。

联营企业指本公司能够对其施加重大影响的企业。重大影响，指对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。

对合营企业和联营企业的长期股权投资采用权益法核算。

在初始确认对合营企业和联营企业投资时，对于以支付现金取得的长期股权投资，本公司按照实际支付的购买价款作为初始投资成本。对于发行权益性证券取得的长期股权投资，本公司按照发行权益性证券的公允价值作为初始投资成本。对于投资者投入的长期股权投资，本公司按照投资合同或协议约定的价值作为初始投资成本。

本公司在采用权益法核算时的具体会计处理包括：

- 对于长期股权投资的初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，以前者作为长期股权投资的成本；对于长期股权投资的初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，以后者作为长期股权投资的成本，长期股权投资的成本与初始投资成本的差额计入当期损益。

– 取得对合营企业和联营企业投资后，本公司按照应享有或应分担的被投资单位实现的净损益的份额，扣除本公司首次执行企业会计准则之前已经持有的对联营企业及合营企业的投资按原会计准则及制度确认的股权投资借方差额按原摊销期直线摊销的金额后，确认投资损益并调整长期股权投资的账面价值；按照被投资单位宣告分派的利润或现金股利计算应分得的部分，相应减少长期股权投资的账面价值。

在计算应享有或应分担的被投资单位实现的净损益的份额时，本公司以取得投资时被投资单位可辨认净资产公允价值为基础，对于被投资单位的会计政策或会计期间与本公司不同的，权益法核算时已按照本公司的会计政策或会计期间对被投资单位的财务报表进行必要调整。本公司与联营企业及合营企业之间内部交易产生的未实现损益按照持股比例计算归属于本公司的部分，在权益法核算时予以抵销。内部交易产生的未实现损失，有证据表明该损失是相关资产减值损失的，则全额确认该损失。

– 本公司对合营企业或联营企业发生的净亏损，除本公司负有承担额外损失义务外，以长期股权投资的账面价值以及其他实质上构成对合营企业或联营企业净投资的长期权益减记至零为限。合营企业或联营企业以后实现净利润的，本公司在收益分享额弥补未确认的亏损分担额后，恢复确认收益分享额。

期末，本公司按照附注 3(4)(c)的原则对长期股权投资计提减值准备。

(c) 其他长期股权投资

其他长期股权投资，指本公司对被投资企业没有控制、共同控制、重大影响，且在活跃市场中没有报价、公允价值不能可靠计量的长期股权投资。

本公司按照上述对合营企业和联营企业投资的初始成本确认和计量原则确认本类投资的初始投资成本，并采用成本法进行后续计量。期末，其他长期股权投资按照附注 3(4)(b)计提减值准备。

(3) 金融工具

本公司的金融工具包括货币资金、债券投资、除长期股权投资以外的股权投资、贷款及应收款项、金融负债及实收资本等。这些金融工具按以下方式确认和计量：

(a) 金融资产及金融负债的确认和计量

金融资产和金融负债在本公司成为相关金融工具合同条款的一方时，于资产负债表内确认。

本公司在初始确认时按取得资产或承担负债的目的，把金融资产和金融负债分为不同类别：以公允价值计量且其变动计入当期损益的金融资产和金融负债、贷款及应收款项、持有至到期投资、可供出售金融资产和其他金融负债。

在初始确认时，金融资产及金融负债均以公允价值计量。对于以公允价值计量且其变动计入当期损益的金融资产或金融负债，相关交易费用直接计入当期损益；对于其他类别的金融资产或金融负债，相关交易费用计入初始确认金额。初始确认后，金融资产和金融负债的后续计量如下：

– 以公允价值计量且其变动计入当期损益的金融资产和金融负债（包括交易性金融资产或金融负债）

本公司持有为了近期内出售或回购的金融资产和金融负债及衍生工具属于此类。但是被指定且为有效套期工具的衍生工具、属于财务担保合同的衍生工具、与在活跃市场中没有报价且其公允价值不能可靠计量的权益工具投资挂钩并须通过交付该权益工具结算的衍生工具除外。

初始确认后，以公允价值计量且其变动计入当期损益的金融资产和金融负债以公允价值计量，公允价值变动形成的利得或损失计入当期损益。

- 贷款及应收款项

贷款及应收款项是指在活跃市场中没有报价、回收金额固定或可确定的非衍生金融资产，但不包括：（i）本公司准备立即出售或在近期内出售，并将其归类为持有作交易用途的非衍生金融资产；（ii）于初始确认时被指定为以公允价值计量且其变动计入当期损益或可供出售的非衍生金融资产；或（iii）因债务人信用恶化以外的原因，使本公司可能难以收回几乎所有初始投资的非衍生金融资产，这些资产应当分类为可供出售金融资产。

本公司贷款及应收款项主要包括发放贷款和垫款等。初始确认后，贷款及应收款项以实际利率法按摊余成本计量。

- 持有至到期投资

本公司将有明确意图和能力持有至到期的且到期日固定、回收金额固定或可确定的非衍生金融资产分类为持有至到期投资。

初始确认后，持有至到期投资以实际利率法按摊余成本计量。

- 可供出售金融资产

本公司将在初始确认时即被指定为可供出售的非衍生金融资产以及没有归类到其他类别的金融资产分类为可供出售金融资产。

对于在活跃市场中没有报价且其公允价值不能可靠计量的权益工具投资，初始确认后按成本计量。

除上述公允价值不能可靠计量的权益工具投资外，其他可供出售金融资产，初始确认后以公允价值计量，公允价值变动形成的利得或损失，除减值损失和外币货币性金融资产形成的汇兑差额计入当期损益外，其他利得或损失直接计入所有者权益，在可供出售金融资产终止确认时转出，计入当期损益。可供出售权益工具投资的现金股利，在被投资单位宣告发放股利时计入当期损益。按实际利率法计算的可供出售金融资产的利息，计入当期损益。

- 其他金融负债

  其他金融负债是指除以公允价值计量且其变动计入当期损益的金融负债以外的金融负债。

  其他金融负债主要包括向应付债券。初始确认后采用实际利率法按摊余成本计量。

(b) 公允价值的确定

本公司对存在活跃市场的金融资产或金融负债，用活跃市场中的报价确定其公允价值，且不扣除将来处置该金融资产或金融负债时可能发生的交易费用。本公司已持有的金融资产或拟承担的金融负债的报价为现行出价；本公司拟购入的金融资产或已承担的金融负债的报价为现行要价。

对金融工具不存在活跃市场的，采用估值技术确定其公允价值。所采用的估值方法包括参考熟悉情况并自愿交易的各方最近进行的市场交易的成交价、参照实质上相同的其他金融工具的当前市场报价、现金流量折现法和采用期权定价模型。本公司定期评估估值方法，并测试其有效性。

(c) 金融资产和金融负债的终止确认

当收取某项金融资产的现金流量的合同权利终止或将所有权上几乎所有的风险和报酬转移时，本公司终止确认该金融资产。

金融资产整体转移满足终止确认条件的，本公司将下列两项金额的差额计入当期损益：

- 所转移金融资产的账面价值
- 因转移而收到的对价，与原直接计入所有者权益的公允价值变动累计额之和。

金融负债的现时义务全部或部分已经解除的，本公司终止确认该金融资负债或其一部分。

(d) 权益工具

权益工具是指能证明本公司在扣除所有负债后的资产中的剩余权益的合同。

本公司发行权益工具收到的对价扣除交易费用后，确认为本公司的实收资本、资本公积。

回购本公司权益工具支付的对价和交易费用，减少所有者权益。

(4) 资产减值准备

(a) 金融资产的减值

本公司在资产负债表日对以公允价值计量且其变动计入当期损益的金融资产以外的金融资产的账面价值进行检查，有客观证据表明该金融资产发生减值的，计提减值准备。

- 贷款及应收款项和持有至到期投资

持有至到期投资运用个别方式评估减值损失，应收款项则同时运用个别方式和组合方式评估减值损失。

运用个别方式评估时，当贷款及应收款项或持有至到期投资的预计未来现金流量（不包括尚未发生的未来信用损失）按原实际利率折现的现值低于其账面价值时，本公司将该应收款项或持有至到期投资的账面价值减记至该现值，减记的金额确认为资产减值损失，计入当期损益。

当运用组合方式评估贷款及应收款项的减值损失时，减值损失金额是根据具有类似信用风险特征的应收款项（包括以个别方式评估未发生减值的应收款项）的以往损失经验，并根据反映当前经济状况的可观察数据进行调整确定的。

在贷款及应收款项或持有至到期投资确认减值损失后，如有客观证据表明该金融资产价值已恢复，且客观上与确认该损失后发生的事项有关，本公司将原确认的减值损失予以转回，计入当期损益。该转回后的账面价值不超过假定不计提减值准备情况下该金融资产在转回日的摊余成本。

- 可供出售金融资产

  可供出售金融资产运用个别方式评估减值损失。

  可供出售金融资产发生减值时，即使该金融资产没有终止确认，本公司将原直接计入所有者权益的因公允价值下降形成的累计损失从所有者权益转出，计入当期损益。

  对于已确认减值损失的可供出售债务工具，在随后的会计期间公允价值已上升且客观上与确认原减值损失确认后发生的事项有关的，原确认的减值损失应当予以转回，计入当期损益。可供出售权益工具投资发生的减值损失，不通过损益转回。

(b) 其他长期股权投资的减值

其他长期股权投资（参见附注3(2)(c)）运用个别方式评估减值损失。

其他长期股权投资发生减值时，本公司将此其他长期股权投资的账面价值，与按照类似金融资产当时市场收益率对未来现金流量折现确定的现值之间的差额，确认为减值损失，计入当期损益。该减值损失不能转回。

(c) 其他非金融长期资产的减值

本公司在资产负债表日根据内部及外部信息以确定下列资产是否存在减值的迹象，包括：

- 固定资产
- 对子公司、合营公司及联营公司的长期股权投资

本公司对存在减值迹象的资产进行减值测试，估计资产的可收回金额。

资产组是可以认定的最小资产组合，其产生的现金流入基本上独立于其他资产或者资产组。资产组由创造现金流入相关的资产组成。在认定资产组时，主要考虑该资产组能否独立产生现金流入，同时考虑管理层对生产经营活动的管理方式、以及对资产使用或者处置的决策方式等。

可收回金额是指资产（或资产组、资产组组合，下同）的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间较高者。

资产的公允价值减去处置费用后的净额，是根据公平交易中销售协议价格减去可直接归属于该资产处置费用的金额确定。资产预计未来现金流量的现值，按照资产在持续使用过程中和最终处置时所产生的预计未来现金流量，选择恰当的税前折现率对其进行折现后的金额加以确定。

可收回金额的估计结果表明，资产的可收回金额低于其账面价值的，资产的账面价值会减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的资产减值准备。与资产组或者资产组组合相关的减值损失，按各项资产的账面价值所占比重抵减各项资产的账面价值，但抵减后的各资产的账面价值不得低于该资产的公允价值减去处置费用后的净额（如可确定的）、该资产预计未来现金流量的现值（如可确定的）和零三者之中最高者。

资产减值损失一经确认，在以后会计期间不会转回。

(5) 职工薪酬

职工薪酬是本公司为获得职工提供的服务而给予的各种形式报酬以及其他相关支出。除因辞退福利外，本公司在职工提供服务的会计期间，将应付的职工薪酬确认为负债，并相应增加资产成本或当期费用。

(a) 退休福利

按照中国有关法规，本公司职工参加了由当地劳动和社会保障部门组织实施的社会基本养老保险。本公司以当地规定的社会基本养老保险缴纳基数和比例，向当地社会基本养老保险经办机构缴纳养老保险费。上述缴纳的社会基本养老保险按照权责发生制原则计入资产成本或当期损益。职工退休后，各地劳动及社会保障部门有责任向已退休职工支付社会基本养老金。

(b) 住房公积金及其他社会保险费用

除退休福利外，本公司根据有关法律、法规和政策的规定，为在职职工缴纳住房公积金及基本医疗保险、失业保险、工伤保险和生育保险等社会保险费用。本公司每月按照职工工资的一定比例或当地相关部门规定的缴纳基数向相关部门支付住房公积金及上述社会保险费用，并按照权责发生制原则计入资产成本或当期损益。

(c) 补充退休福利

本公司就补充退休福利所承担的责任以精算方式估计，以本公司对员工承诺支付其未来退休后的福利的金额计算。这项福利以贴现率厘定其折现现值。在计算本公司的责任时，如资产负债表日累计未确认精算利得或损失超过责任现值的 10%，差额确认为当期损益，否则该利得或损失不予确认。

4 货币资金

	2010 年 12 月 31 日 人民币元
现金	1,682.25
银行存款	8,719,088,664.82
合计	8,719,090,347.07

5 贷款

	2010 年 12 月 31 日 人民币元
应收子公司	19,380,813,772.81
应收其他	15,504,500,000.00
小计	34,885,313,772.81
减：贷款损失准备	3,264,427.93
合计	34,882,049,344.88

6 应收款项

	2010年12月31日 人民币元
其他应收款	
- 应收子公司	20,584,035,607.86
- 其他	714,793,316.02
应收利息	60,246,171.29
应收股利	1,803,401,609.65
长期应收款	278,938,832.78
小计	23,441,415,537.60
减：减值准备	-
合计	23,441,415,537.60

7 投资

(a) 投资按性质分析如下：

	附注	2010年12月31日 人民币元
信托产品		1,516,139,904.47
股权投资	(b)	54,980,140,416.92
合计		56,496,280,321.39

(b) 股权投资

	2010年12月31日 人民币元
对子公司的投资	33,043,751,631.54
对合营公司的投资	760,808,231.81
对联营公司的投资	20,439,579,906.98
其他股权投资	1,158,094,928.97
小计	55,402,234,699.30
减：减值准备	422,094,282.38
合计	54,980,140,416.92

8 应付债券

	2010年12月31日 人民币元
01中信债银行间人民币债券	3,496,850,000.00
02中信债银行间人民币债券	4,483,800,000.00
03中信债1银行间人民币债券	3,988,000,000.00
03中信债2银行间人民币债券	5,961,000,000.00
企业债券（05中信债-1）	3,972,630,555.55
企业债券（05中信债-2）	4,977,965,277.76
2009年第一期中期票据	2,973,000,000.00
2010年第一期中期票据	2,938,006,640.59
2010年第二期中期票据	3,886,000,000.00
武士债	812,600,229.94
合计	37,489,852,703.84

附 件 三

注 入 资 产

注入资产具体如下：

1、甲方投入并记载于资产评估报告中的有关固定资产（包括但不限于机器设备及配套设备、房屋、设施、运输车辆）、无形资产、在建工程、存货、应收应付款项、银行存款等资产及相关负债。

2、甲方直接持有的下列企业的股权/权益：

序号	公司/企业名称	直接持股比例（%）	备注
1.	中信控股有限责任公司	100	—
2.	中信银行股份有限公司	61.85	—
3.	中信证券股份有限公司	20.30	—
4.	中信信托有限责任公司	80	（1）截至2010年12月31日，中信集团直接持有80%，中信华东（集团）有限公司持有20%，中信集团直接及间接持有100%; （2）中信集团与中信华东（集团）有限公司目前正在以其所持中信信托的股权，认购上市公司安信信托定向增发的股份。认购完成后，中信集团将直接持有安信信托54.9%股权，中信华东（集团）有限公司将直接持有安信信托13.73%股权，安信信托将成为中信信托100%控股股东。如果上述定向增发工作在中信股份设立前完成，则中信集

序号	公司/企业名称	直接持股比例（%）	备注
			团拟将直接持有的安信信托股权全部投入中信股份
5.	中信房地产股份有限公司	80.86	—
6.	中信华东(集团)有限公司	100	—
7.	中信天津投资控股有限公司	100	—
8.	中信建设有限责任公司	100	—
9.	中国市政工程中南设计研究总院	100	—
10.	武汉市建筑设计院	100	—
11.	中信金属有限公司	100	—
12.	中信投资控股有限公司	100	—
13.	中信重工机械股份有限公司	86.83	中信重工目前正在申请A股公开发行并上市，如果该项工作在中信股份设立并股权过户完成前实施，则中信集团直接持有的中信重工股数及股权比例将发生变化。中信集团拟在获得相关主管部门认可后拟将其直接持有的中信重工股权全部投入中信股份
14.	北京京城大厦	100	—
15.	中信汽车公司	100	—
16.	中国国际经济咨询公司	100	—
17.	中信旅游总公司	100	—
18.	中信出版股份有限公司	95	—

序号	公司/企业名称	直接持股比例（%）	备注
19.	中国中海直总公司	51.03	—
20.	CITIC Hong Kong (Holdings) Limited 中信(香港集团)有限公司	100	—
21.	Full Chance Investments Limited 富机投资有限公司	100	—
22.	Newease Investments Limited 新怡投资有限公司	100	—
23.	Sky Profit Holdings Limited 天惠控股有限公司	100	—
24.	CITIC USA Holding Inc. 中信美国集团	100	—
25.	Citic-Power Investments Co., Ltd 信源资产有限公司	100	—
26.	CITIC Australia Pty Ltd 中信澳大利亚有限公司	100	—
27.	CITIC Projects Management(HK) Limited	100	—
28.	中信澳门（集团）有限公司	100	—
29.	澳门水泥厂有限公司	67.68	—
30.	中信哈萨克斯坦有限公司	100	—
31.	北京中信和业投资有限公司	100	—
32.	Skyshine Holdings Limited 天明控股有限公司	100	—
33.	Extra Yield International Limited	100	—
34.	Glory Share Investments Limited	100	—

序号	公司/企业名称	直接持股比例（%）	备注
35.	Excel True International Limited 卓真国际有限公司	100	—
36.	Perfect Deed Co., Ltd	100	—
37.	北京国安足球俱乐部有限责任公司	100	—
38.	中信锦绣资本管理有限责任公司	30	—
39.	中信国际商贸有限公司	30	—
40.	信诚人寿保险有限公司	50	—
41.	中信基建投资有限公司	20	—
42.	中海信托股份有限公司	5	—
43.	天安保险股份有限公司	6.91	—
44.	中国石化仪征化纤股份有限公司	18	—
45.	合肥太古可口可乐饮料有限公司	20	—
46.	太古中萃发展有限公司	15	—
47.	郑州太古可口可乐饮料有限公司	12.86	—
48.	中信(江阴)码头有限公司	30	—
49.	天津滨海柜台交易市场股份公司	20	—
50.	国开熔华产业投资基金管理有限责任公司	25	—
51.	UCDC International Ltd 经纬投资（集团）有限公司	14.71	—
52.	中信金盏（北京）投资有限公司	100	—
53.	中投汇沣置业有限公司	1	—
54.	CITIC Investment (HK)	100	—

序号	公司/企业名称	直接持股比例（%）	备注
	Limited.		
55.	CITIC New Horizon Limited	100	—

3、 甲方的一切与注入资产有关的合同协议（包括对该等合同和协议的修改和补充）项下的权利及义务。

4、 在依法可以转让的前提下，一切由甲方在其直接、间接持有的或拥有的与业务资产的经营和负债有关的许可证、执照、批准证书、证明书、授权书和其他任何类似文件项下的全部权益。

5、 甲方拥有的与注入资产有关的或其引起的对任何第三人的请求权、抵销权或其他任何类似的权利。

6、 甲方的与拥有和经营注入资产有关的业务记录、财务及会计记录、营运记录、营运数据、营运统计资料、说明书、维护手册、培训手册，以及有关技术记录，技术资料、技术数据、技术图纸、技术手册、技术书籍、研究与开发项目的资料及其他一切技术诀窍（无论是以文字书写的或保存在电脑、计算机内的或以任何其他方式保存的）。

7、 所有有关乙方员工的人事档案和薪酬及其他福利方面的记录和数据。

8、 甲方和乙方在乙方成立日或之前书面同意视为自重组生效日起注入乙方的甲方的其他任何资产和/或权益。

附 件 四

重 组 文 件 目 录

1、 中国中信集团公司关于重组改制并境外上市的请示
2、 财政部关于中国中信集团公司重组改制方案的批复
3、 财政部关于中国中信集团公司审批下属非公司制企业改制相关事宜的批复
4、 财政部关于中国中信集团公司重组改制项目相关资产评估报告核准的批复对资产评估报告的核准批文
5、 财政部关于中国中信股份有限公司国有股权管理方案及下属股份公司股权变动的批复

SCHEDULE 6

ADJUSTMENT OF CONSIDERATION SHARES

In this Schedule, the following terms shall have the meaning as defined below.

Trading Day means a day when the Hong Kong Stock Exchange is open for dealing business;

Ex-dividend Day mean the ex-dividend day applicable to the relevant cash dividends;

1. The Unit Price of the Consideration Shares will be subject to adjustment in the following events. The adjustment mechanism shall not apply to the Purchaser Placement.

(a) *Cash Dividends*: If and whenever the Purchaser shall pay or make any Cash Dividend to the Shareholders of the Purchaser (excluding any cash dividends declared prior to execution of this Agreement), the Unit Price of the Consideration Shares shall be adjusted by the following formula:

$$A - B$$

where:

A is the Unit Price of the Consideration Shares applicable on the Ex-dividend Day; and

B is the amount of the cash dividend attributable to one Purchaser Share on the last Trading Day prior to the Ex-dividend Day.

Such adjustment shall become effective on the Ex-dividend Day.

2. On any adjustment, the relevant Unit Price of the Consideration Shares, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest four decimal places of one Hong Kong cent. No adjustment shall be made to the Unit Price of the Consideration Shares where such adjustment (rounded down, if applicable) would be less than one per cent. of the Unit Price of the Consideration Shares then in effect. Any adjustment not required to be made, and any amount by which the Unit Price of the Consideration Shares has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Vendors as soon as practicable after the determination thereof.

3. No adjustment shall be made to the Unit Price of the Consideration Shares where Purchaser Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees, former employees, contractors or former contractors (including directors holding or formerly holding executive office) of the Purchaser or any Subsidiary, pursuant to any share option scheme or plan that is duly adopted by the Purchaser in accordance with the Listing Rules.

4. No adjustment involving an increase in the Unit Price of the Consideration Shares will be made, except to correct an error.

AS WITNESS this Agreement has been signed on behalf of the parties the day and year first before written.

SIGNED by _____ _____ _____	)
for and on behalf of	)
CITIC GROUP CORPORATION	)

SIGNED by _____ _____ _____	)
for and on behalf of	)
BEIJING CITIC ENTERPRISE	)
MANAGEMENT CO., LTD	)

SIGNED by _____ _____ _____	)
for and on behalf of	)
CITIC PACIFIC LIMITED	)