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CITIC Limited
中國中信股份有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2015, the volatility in commodity, currency and capital markets, together with China's slowing growth rate, were the headline themes preoccupying investors globally. However, we see that the absolute scale and opportunity of China's economy remains massive, with China in the midst of a structural transition towards a more service and consumption-oriented economy. China's development may have entered a "new normal", but increasingly Chinese businesses are becoming more globally competitive as they focus on sustainable growth and innovation.

The macroeconomic environment has been turbulent and, internally, 2015 was a year of change. Investors such as CP Group, Itochu Corporation and Youngor provided substantial new capital to CITIC Limited. As a result, we have a much stronger balance sheet, which provides us with the financial flexibility to seize the right opportunities. Our transformation continues in 2016, as evidenced most recently by our decision to reposition our property business.

In this letter, I want to highlight four areas. First, I would like to explain why we have decided to partner with a leading Chinese property developer. Second, I will talk about our investments outside China and our continuing journey of "going global." Third, following a serious challenge in our brand and risk management, I want to provide assurance that strengthening oversight for our affiliated companies is something we take very seriously. Finally, I will talk about how we are ensuring competitiveness across our businesses to create long-term value for you.

Our annual report, including my letter, is one of the important ways we communicate with you, our shareholders, as well as potential investors. We strive to improve our disclosure incrementally each year and offer detailed descriptions and reports on our businesses. There are a number of companies within CITIC Limited that are unlisted and as such don't report publicly. We have heard clear feedback from our shareholders that you wish to receive more information about these companies. Therefore, we've decided to spotlight one business each year. We will begin with CITIC Dicastal, the largest automobile aluminium wheel manufacturer and exporter in the world.

FINANCIAL PERFORMANCE

Naturally, our results reflect the events of the past year, and they are also indicative of our efforts to retain strong market leadership in our industries and to invest in innovation.

For 2015, our profit attributable to ordinary shareholders was HK\$41.8 billion, 5% more than last year. The bulk of the profit was contributed by financial services, particularly by CITIC Bank. Our results were affected by a significant loss recorded in our resources business due to historically low crude oil prices as well as the depressed price of other commodities. A HK\$12.5 billion after tax non-cash impairment charge was also taken on our magnetite iron ore project in Western Australia, primarily due to a sharp decline in the price of iron ore, which was another factor that affected the bottom line.

In my letter to you last year, I said that we wanted to achieve a better balance between our financial and non-financial businesses. Unfortunately, progress in 2015 has been slower than we would have liked, and the impairment made was a key factor. Clearly, we still have a lot of work ahead to grow and improve the profitability of our non-financial businesses.

Our board recommends a final dividend of HK\$0.20 per share to shareholders, giving a total dividend of HK\$0.30 per share for the year 2015.

BUSINESS RESTRUCTURING

One of our priorities in the past year was the restructuring of our property business, which was under two separate entities – CITIC Real Estate and CITIC Pacific Properties.

As we evaluated how best to position CITIC in today's changing property market in mainland China, we took a deep, critical look at our assets, operating model and position in the market. Given the size and scale of our residential land bank, it would be difficult for us to achieve a leading position on our own. As I wrote in my previous letter, our management team and I strongly adhere to the principle of aiming to be the best in what we do and a leader in the fields in which we operate. We also believe in partnering with leaders, particularly in businesses where we cannot independently achieve our full potential.

After careful consideration, we decided that it made good sense to align our property business with China Overseas Land and Investment, a company with a solid track record in China's residential property market. In addition to being a leader in its space, COLI is already well known to us: their largest shareholder, China State Construction Engineering Corporation, is a long-term strategic partner of CITIC Group, our company's largest shareholder. Earlier this month, we announced a deal through which we will sell our mainland residential property assets to COLI, and in return we will hold a 10% stake in COLI and some of its commercial real estate assets.

Our rationale for this transaction is simple. We believe COLI can best unlock the value of our quality residential land bank. This partnership also ensures that we can continue to participate in the growth of China's residential market. Fundamentally, this change in our property business model is a constructive, commercially sensible way to add value to CITIC Limited.

To manage our property business going forward, we established CITIC City Development and Investment Co. CITIC Limited's vice chairman and president, Mr Wang Jiong, is personally taking charge as chairman of the new company, CITIC City. Mr Liu Yong, who previously led CITIC Pacific Properties, now serves as CEO of CITIC City and is responsible for day-to-day operations.

We recognise that a growing number of property companies in the mainland are using the "asset-light" model, whereby new pools of capital are being raised through non-traditional channels. CITIC has a unique position in that we have a strong and large financial services business as part of our company, including affiliates such as CITIC Trust and CITIC Securities. As the property market becomes increasingly competitive, we are excited by the opportunity to integrate our financial resources with our core skills and expertise in property development. We believe this will enable us to capitalise on our strengths and advantages to build a sustainable property business.

Expanding Our Global Footprint

While China continues to be a big part of the CITIC story, we've always been an outward-looking organisation, ready to follow our customers abroad and take advantage of growth opportunities in new markets. CITIC Dicastal, CITIC Construction and Special Steel, among others, have substantial global customer bases. By expanding our global footprint, our institutional skill base will grow meaningfully. Our past experiences, which include both successes and challenges, have delivered rich learnings. Our ability to understand local laws, practices and the culture of the regions in which we invest makes us a more logical and attractive global partner.

One of my personal highlights in 2015 was being in London for the Sino-British Business Summit, presided over by Chinese President Xi Jinping who was in the UK on a state visit, and British Prime Minister David Cameron. Both leaders were present on 21 October when I signed a contract for CITIC Construction to manage the construction of the Asia Business Port on the site of East London's Royal Albert Dock. Further expanding our global footprint, this project will create commercial and residential property in what is set to become London's third business district.

CITIC Dicastal invested over a year ago in an aluminium wheel plant in Michigan in the US, which began trial production early this year. CITIC Dicastal also operates a global facility in Germany, and at this point, managing workers from different national backgrounds has become routine. You can read more about Dicastal in the Business Review section of our annual report.

Our largest overseas investment is the Sino Iron magnetite iron ore project in Western Australia. Although Sino Iron is now a small portion of an enlarged CITIC Limited, it is a major investment and we know its performance and future is on investors' minds.

In terms of project development, 2015 was a year in which Sino Iron made significant progress. Lines three and four entered commissioning in the last quarter, and production and export of magnetite iron ore concentrate from the first four lines continued to ramp up. I'm pleased to report that construction of the remaining two lines is nearing completion, with commissioning targeted for the first half of this year. We're on track to have all six lines running in 2016.

As we transition from construction to operation, our challenge will be to enhance the performance of the lines, lower production costs and improve efficiencies. An example is our recent decision to build a small airstrip and terminal onsite, which will reduce travel time for our workforce by 30% and deliver major cost savings, productivity gains and safety benefits over the life of the project. Our goal is to become the lowest cost magnetite producer in the world, providing long-term value for our shareholders.

As occasionally documented in the media, we continued to be in a legal dispute with tenement holder Mineralogy on a range of matters. In 2015, the Australian Federal Court rejected Mineralogy's attempt to have CITIC vacate the Cape Preston port area where the Sino Iron project is located. We continue to exercise our rights under Australian law, in the interests of the project, our company and you, our shareholders.

COMPLIANCE, RISK AND BRAND MANAGEMENT

One of the companies in which we hold a 16.7% stake, CITIC Securities, has been in the news more often than we would have liked. CITIC Securities is the largest securities company in China, but it has been hurt by allegations of misconduct by a few senior managers.

Frankly, what happened at CITIC Securities was a wakeup call for us. We've had to admit that risk management and the education of employees on appropriate conduct had not kept pace with CITIC Securities' growth. As its single largest shareholder, we have a duty to stand by CITIC Securities to ensure that recent short-term challenges are overcome through appropriate internal changes to protect this valuable franchise and to ensure that the long-term prospects for the business remain positive.

Mr Zhang Youjun was elected Chairman of CITIC Securities early this year. A veteran of the securities industry in China, Youjun joined CITIC Securities in 1995, the year it was established. He also ran China Securities. Youjun is also a member of the senior management team at CITIC Group.

We have learned from CITIC Securities' recent experience and are redoubling our efforts to firmly embed CITIC Limited's strong risk management system across all of our subsidiaries and affiliates. We will work with subsidiaries on branding standards, as well as strengthening protocols and procedures associated with information management.

As our businesses expand and we pursue more partnerships, it's imperative to be disciplined about how our name is used. It's fair to say that CITIC is a well-recognised name in China, and this is increasingly true overseas. Our brand's reputation has been earned over time through the provision of quality products, services and infrastructure, as well as our overall socio-economic contributions to the regions in which we operate. It's critical that our heritage and brand are protected, and additional work is being done in this area.

ENSURING A COMPETITIVE EDGE TO CREATE LONG-TERM VALUE

CITIC gets some criticism for being in "old economy" industries, such as banking and manufacturing. Yet they are the backbone of the country. We have built market leading positions and enjoy economies of scale in these industries, and we are fortunate to have deep roots in them. It is our view that they will not cease to be important and that manufacturing will continue to be very relevant in China. Naturally, businesses thrive more easily when faster economic growth is the norm. But it is during the tougher cycles when the excellent companies more clearly differentiate themselves from the mediocre and the weak.

CITIC is a conglomerate with diversified businesses, and we continue to believe that this model serves us well. Some investors find conglomerates somewhat hard to analyse and, as a result, assign a "conglomerate discount" to them. It is incumbent on us to explain our value strategy as clearly as possible to avoid this default approach by the market. Rather, if we explain our vision and plans, our competitive landscape and rationale behind each business decision, investors are likely to reward us and the discount will narrow.

Therefore, we want to reiterate our faith in our business model. Our diversity and commitment to excellence in all fields is our strength. We are invested in businesses that are here to stay and, within our industries, we will be the leaders even when enduring uncertain periods and downturns. For example, our special steel business leads the market and is more profitable than its peers, defying sceptics and riding through cycles. CITIC Dicastal continues to lead globally in the supply of aluminium wheels. Both companies embrace agile manufacturing and intelligent automation. The success of these businesses can be attributed not only to innovation but also basic good management, including aggressive cost control. So we know it to be true that internationally-capable Chinese manufacturers such as ours, when managed skilfully, have every opportunity to thrive.

Of course, we also participate in some “new economy” industries, such as environmental protection and ecommerce. They are small today, relative to the stalwart businesses in our group. Nevertheless, we will continue to grow and build them as we see private consumption and the service sectors increasing and have noted the collective desire for improved quality of life. We believe these trends will open up new opportunities for us.

While we cannot control the external environment or commodity prices, what we can do is to ensure our businesses are well managed, especially during the tougher times, so that we are well positioned when the outlook improves. Staying ahead of the pack in terms of productivity and cost control requires constant discipline and continuous improvement.

As demonstrated by the repositioning of our real estate business, we continue to evaluate options to increase long-term value for investors. We are confident in the Chinese economy, in our business plans, and in our ability to seize the right opportunities, at the right time.

This company takes strategic planning and long-term value creation seriously. When we held our annual meeting with senior managers in January, we reflected on the fact that when we have faced economic challenges, we’ve come together as a team to manage through them and refocus ourselves on long-term value creation. This focus serves our company and it serves you, our shareholders. We know that investors’ patience is finite, and we want to assure you that we are both managing the businesses prudently and trying to ensure you earn a fair return on capital.

Our focus on the long-term will not be diverted by short-term difficulties, which will pass and be overcome. We urge you to keep the faith in China and in the industries that matter now, and will still matter to China in decades to come, through the ups and downs.

I am proud to lead a dedicated team at CITIC, and I thank them, our board, our investors and our lenders for their unwavering support. I ask everyone to take a long-term view and accompany us on the next phase of China’s exciting journey.

Chang Zhenming

Chairman

Hong Kong, 24 March 2016

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Interest income		270,151	260,450
Interest expenses		(138,268)	(139,372)
Net interest income	<i>3(a)</i>	131,883	121,078
Fee and commission income		51,405	39,714
Fee and commission expenses		(2,506)	(2,094)
Net fee and commission income	<i>3(b)</i>	48,899	37,620
Sales of goods and services	<i>3(c)</i>	211,383	237,189
Other revenue	<i>3(d)</i>	24,648	6,237
		236,031	243,426
Total revenue		416,813	402,124
Cost of sales and services		(174,923)	(198,457)
Other net income		9,877	10,572
Impairment losses on	<i>4</i>		
– Loans and advances to customers		(47,827)	(28,149)
– Others		(31,177)	(26,871)
Other operating expenses		(88,555)	(82,661)
Net valuation gain on investment properties		661	2,332
Share of profits of associates, net of tax		4,799	4,389
Share of (loss)/profits of joint ventures, net of tax		(132)	3,325
Profit before net finance charges and taxation		89,536	86,604
Finance income		2,794	2,250
Finance costs		(11,024)	(11,054)
Net finance charges	<i>5</i>	(8,230)	(8,804)

**CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Profit before taxation	6	81,306	77,800
Income tax	7	<u>(20,613)</u>	<u>(18,000)</u>
Profit for the year		<u>60,693</u>	<u>59,800</u>
Attributable to:			
Ordinary shareholders of the Company		41,812	39,834
Holders of perpetual capital securities		1,135	1,130
Non-controlling interests		<u>17,746</u>	<u>18,836</u>
Profit for the year		<u>60,693</u>	<u>59,800</u>
Earnings per share (HK\$)	9		
Basic		1.58	1.60
Diluted		<u>1.57</u>	<u>1.60</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
<i>Note</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit for the year	60,693	59,800
Other comprehensive (loss)/income for the year (after tax and reclassification adjustments)		
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss:</i>		
Available-for-sale financial assets: net movement in the fair value reserve	2,972	11,241
Cash flow hedge: net movement in the hedging reserve	139	(1,178)
Share of other comprehensive (loss)/income of associates and joint ventures	(958)	168
Exchange differences on translation of financial statements and others	(34,978)	(1,980)
<i>Items that have not been reclassified or may not be reclassified subsequently to profit or loss:</i>		
Transfer of owner-occupied property to investment property: revaluation gain	279	–
Other comprehensive (loss)/income for the year, net of tax	(32,546)	8,251
Total comprehensive income for the year	28,147	68,051
Attributable to:		
Ordinary shareholders of the Company	15,836	46,421
Holders of perpetual capital securities	1,135	1,130
Non-controlling interests	11,176	20,500
Total comprehensive income for the year	28,147	68,051

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Assets			
Cash and deposits		801,615	897,161
Placements with banks and non-bank financial institutions		141,775	86,428
Financial assets at fair value through profit or loss		40,391	37,248
Derivative financial instruments		16,509	10,594
Trade and other receivables		141,347	130,747
Amounts due from customers for contract work		2,234	1,447
Inventories		130,447	133,258
Financial assets held under resale agreements		165,391	172,100
Loans and advances to customers and other parties	<i>10</i>	2,947,798	2,711,851
Available-for-sale financial assets		494,786	328,062
Held-to-maturity investments		216,267	225,700
Investments classified as receivables		1,331,281	834,652
Interests in associates		50,663	51,616
Interests in joint ventures		22,701	31,016
Fixed assets		183,740	179,303
Investment properties		28,508	28,744
Intangible assets		20,572	21,024
Goodwill		19,481	13,709
Deferred tax assets		27,761	24,277
Other assets		20,042	28,894
Total assets		<u>6,803,309</u>	<u>5,947,831</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2015

	<i>Note</i>	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Liabilities			
Borrowing from central banks		44,761	63,445
Deposits from banks and non-bank financial institutions		1,275,421	871,213
Placements from banks and non-bank financial institutions		58,141	24,257
Financial liabilities at fair value through profit or loss		–	726
Derivative financial instruments		17,475	13,474
Trade and other payables		230,636	193,957
Amounts due to customers for contract work		7,224	10,646
Financial assets sold under repurchase agreements		84,949	52,745
Deposits from customers	<i>11</i>	3,766,848	3,586,508
Employee benefits payables		18,156	20,845
Income tax payable		9,414	10,890
Bank and other loans	<i>12</i>	147,221	218,993
Debt instruments issued	<i>13</i>	449,772	273,126
Provisions		3,567	2,932
Deferred tax liabilities		6,998	7,409
Other liabilities		19,557	21,158
Total liabilities		6,140,140	5,372,324
Equity			
Share capital		381,710	324,198
Perpetual capital securities		13,836	13,834
Reserves		97,356	93,928
Total ordinary shareholders' funds and perpetual capital securities		492,902	431,960
Non-controlling interests		170,267	143,547
Total equity		663,169	575,507
Total liabilities and equity		6,803,309	5,947,831

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by CITIC Limited (the “Company”), together with its subsidiaries (collectively referred to as the “Group”), in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These 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 HKICPA has issued a number of amendments to HKFRS that are first effective for the current accounting period of the Group. Impacts of the adoption of the amended HKFRS are discussed below:

(i) Amendments to HKAS 19, Defined benefit plans: Employee contributions

This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

(ii) Annual improvements to HKFRS 2010-2012 cycle

- Amendments to HKFRS 8, Operating segments

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity’s assets when segment assets are reported.

- Amendments to HKAS 16, Property, plant and equipment and HKAS 38, Intangible assets

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- Amendments to HKAS 24, Related party disclosures

The reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity’s employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

(iii) Annual improvements to HKFRS 2011-2013 cycle

- Amendments to HKFRS 3, Business combinations

It clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

- Amendments to HKFRS 13, Fair value measurement

It clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

- Amendments to HKAS 40, Investment property

Preparers also need to refer to the guidance in HKFRS 3 to determine whether the acquisition of an investment property is a business combination.

The adoption of the above amendments has no material impact on the financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the year. The group has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in consolidated financial statements.

	For the year ended 31 December 2014 (Restated)								
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
Revenue from external customers	164,849	51,786	71,845	17,127	29,909	66,216	392	–	402,124
Inter-segment revenue	(177)	1,176	58	611	258	429	(216)	(2,139)	–
Reportable segment revenue	164,672	52,962	71,903	17,738	30,167	66,645	176	(2,139)	402,124
Share of profits of associates, net of tax	3,072	6	355	59	432	457	8	–	4,389
Share of profits/(losses) of joint ventures, net of tax	460	1,988	(60)	–	(54)	820	171	–	3,325
Finance income (Note 5)	–	406	323	531	682	84	4,395	(4,171)	2,250
Finance costs (Note 5)	–	(2,439)	(1,279)	(116)	(2,116)	(1,349)	(7,798)	4,043	(11,054)
Depreciation and amortisation (Note 6(b))	(2,802)	(794)	(3,350)	(139)	(386)	(2,488)	(18)	–	(9,977)
Impairment losses (Note 4)	(31,245)	(21,729)	(559)	(48)	(589)	(1,097)	(8)	255	(55,020)
Profit/(loss) before taxation	76,641	(19,182)	4,047	3,281	8,006	5,798	(2,391)	1,600	77,800
Income tax	(17,625)	5,569	(693)	(897)	(2,899)	(1,264)	(113)	(78)	(18,000)
Profit/(loss) for the year	59,016	(13,613)	3,354	2,384	5,107	4,534	(2,504)	1,522	59,800
Attributable to:									
– Ordinary shareholders of the company	41,267	(13,013)	2,921	2,381	4,694	3,696	(3,634)	1,522	39,834
– Non-controlling interests and holders of perpetual capital securities	17,749	(600)	433	3	413	838	1,130	–	19,966
	As at 31 December 2014 (Restated)								
	Financial services HK\$ million	Resources and energy HK\$ million	Manufacturing HK\$ million	Engineering contracting HK\$ million	Real estate HK\$ million	Others HK\$ million	Operation management HK\$ million	Elimination HK\$ million	Total HK\$ million
Reportable segment assets	5,322,510	147,903	108,501	44,020	215,095	97,373	138,921	(126,492)	5,947,831
Including:									
Interests in associates	28,608	11,882	3,557	167	3,833	3,460	109	–	51,616
Interests in joint ventures	3,596	9,621	247	–	9,425	8,127	–	–	31,016
Reportable segment liabilities	4,927,978	136,503	59,406	35,820	151,574	51,083	207,573	(197,613)	5,372,324
Including:									
Bank and other loans	–	42,798	19,130	2,142	75,875	32,493	85,754	(39,199)	218,993
Debt instruments issued	169,215	–	5,054	–	–	3,477	95,660	(280)	273,126

(b) Geographical information

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

	Revenue from external customers		Reportable segment assets	
	For the year ended 31 December		As at 31 December	
	2015	2014	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Mainland China	361,851	339,733	6,312,332	5,508,334
Hong Kong and Macau	26,365	26,858	380,549	322,547
Overseas	28,597	35,533	110,428	116,950
	416,813	402,124	6,803,309	5,947,831

3 REVENUE

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

For financial services segment, revenue mainly comprises net interest income, net fee and commission income and net trading gain (see notes 3(a),3(b) and 3(d)). For non-financial services segment, revenue mainly comprises total invoiced value of sales of goods, services rendered to customers and revenue from construction contracts (see note 3(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.

(a) **Net interest income**

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Interest income arising from:		
Deposits with central banks, banks and non-bank financial institutions	11,323	16,012
Placements with banks and non-bank financial institutions	3,561	6,147
Financial assets held under resale agreements	4,979	15,397
Investments classified as receivables	57,400	39,464
Loans and advances to customers and other parties	170,211	165,767
Investments in debt securities	22,654	17,658
Others	23	5
	270,151	260,450
Interest expenses arising from:		
Borrowing from central banks	(1,238)	(442)
Deposits from banks and non-bank financial institutions	(44,613)	(46,223)
Placements from banks and non-bank financial institutions	(928)	(1,508)
Financial assets sold under repurchase agreements	(699)	(1,058)
Deposits from customers	(80,259)	(84,307)
Debt instruments issued	(10,439)	(5,825)
Others	(92)	(9)
	(138,268)	(139,372)
Net interest income	131,883	121,078

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

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Consultancy and advisory fees	8,685	7,132
Bank card fees	16,708	10,548
Settlement and clearing fees	2,174	2,793
Commission for wealth management services	7,287	4,995
Agency fees and commission	4,634	2,271
Guarantee fees	3,940	4,010
Trustee commission and fees	7,131	7,573
Others	846	392
	51,405	39,714
Fee and commission expenses	(2,506)	(2,094)
Net fee and commission income	48,899	37,620

(c) Sales of goods and services

	For the year ended 31 December	
	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Sales of goods	171,247	196,652
Services rendered to customers	27,254	25,796
Revenue from construction contracts	12,882	14,741
	<u>211,383</u>	<u>237,189</u>

(d) Other revenue

	For the year ended 31 December	
	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Net trading gain (<i>note (i)</i>)	4,622	4,343
Net gain on investment assets under financial services segment	19,557	1,643
Others	469	251
	<u>24,648</u>	<u>6,237</u>

(i) *Net trading gain*

	For the year ended 31 December	
	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Trading profit/(loss):		
– debt securities	2,300	1,214
– foreign currencies	1,604	1,041
– derivatives	718	2,088
	<u>4,622</u>	<u>4,343</u>

4 IMPAIRMENT LOSSES

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Impairment losses charged on/(reversed from):		
– deposits and placements with banks and non-bank financial institutions	–	(34)
– trade and other receivables	4,121	2,803
– amounts due from customers for contract work	–	47
– inventories	686	1,051
– loans and advances to customers and other parties	47,827	28,149
– available-for-sale financial assets	33	501
– held-to-maturity investments	(4)	(8)
– investments classified as receivables	4,647	523
– interests in associates	476	1,693
– interests in joint ventures	–	26
– fixed assets	17,445	6,524
– intangible assets	2,233	13,367
– others	1,540	378
	79,004	55,020

Iron Ore Project

The Group's Iron Ore Project comprises the Sino Iron Project in Australia and its associated marketing operation in Singapore. Whenever events or circumstances indicate impairment may have occurred, the Group tests whether assets attributable to the Group's Iron Ore Projects have suffered any impairment.

The recoverable amount of the Sino Iron Project is based on the fair value less costs of disposal methodology which is based on cash flow projections that incorporate best estimates of selling prices, ore grades, exchange rates, production rates, future capital expenditure and production costs over the life of the mine. In line with normal practice in the mining industry, the cash flow projections are based on long term mine plans covering the expected life of the operation. Therefore, the projections cover periods well in excess of five years. Assumptions about selling prices, operating and capital costs, exchange rates, quantity of resources and discount rates are particularly important; the determination of the recoverable amount is relatively sensitive to changes in these important assumptions.

In accordance with the Group's accounting policy, management has identified one CGU, the Sino Iron Project that had indicators of impairment at 31 December 2015, including the reduction in the iron ore price outlook. As a result the Group assessed the recoverable amount of the Sino Iron Project. For the purposes of testing for impairment, the carrying amount of the Sino Iron Project is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs of disposal and value in use. The Group has adopted fair value less costs of disposal methodology in its assessment, using a nominal discounted cash flow model based on the mine life of the Sino Iron Project.

In the model a discount rate of 8.5% is used. Iron ore price (including base price, premium on product grade and adjustment on freight) and AU\$:US\$ exchange rate assumptions are estimated by management with reference to external market forecasts sourced from a range of industry experts. The operating expenditure and capital expenditure for years 2016 to 2018 are forecast based on management's best estimates of costs and expenditures. Beyond the above three-year forecast period, operating expenditure and capital expenditure are forecast to remain relatively stable increasing primarily with inflation.

The impairment testing carried out at 31 December 2015 resulted in a total impairment charge of US\$2,213 million (approximately HK\$17,261 million) (2014: US\$2,500 million (approximately HK\$19,500 million)) being recognised in the consolidated income statement, reflecting a softening in forecast iron ore prices. The impairment charge was allocated as follows:

- Property, plant & equipment US\$1,979 million (approximately HK\$15,436 million) (2014: US\$794 million (approximately HK\$6,193 million))
- Intangible assets US\$234 million (approximately HK\$1,825 million) (2014: US\$1,706 million (approximately HK\$13,307 million))

The fair value of CGU must be estimated for recognition and measurement or for disclosure purposes.

The disclosure is based on the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical or similar CGU (level 1),
- Inputs other than quoted prices included within level that are observable for the CGU, either directly (as prices) or indirectly (derived from prices) (level 2), and;
- Inputs for the CGU that are not based on observable market data (unobservable inputs); level 3 inputs.

The CGU's fair value hierarchy is Level 3.

5 NET FINANCE CHARGES

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Finance costs		
– Interest on bank loans and other loans	12,042	12,757
– Interest on debt instruments issued and other interest expenses	3,266	3,746
	15,308	16,503
Less: interest expense capitalised*	(5,597)	(5,874)
	9,711	10,629
Other finance charges	1,313	418
Other financial instruments	–	7
	11,024	11,054
Finance income	(2,794)	(2,250)
	8,230	8,804

* Capitalisation rates applied to funds borrowed are 2.8%–6.86% per annum for the year ended 31 December 2015 (2014: capitalisation rate of 3.3%–8.03%).

6 PROFIT BEFORE TAXATION

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

(a) Staff costs

	For the year ended 31 December	
	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Salaries and bonuses	33,147	32,016
Contributions to defined contribution retirement schemes	4,272	2,759
Others	8,023	7,727
	<u>45,442</u>	<u>42,502</u>

(b) Other items

	For the year ended 31 December	
	2015 <i>HK\$ million</i>	2014 <i>HK\$ million</i>
Amortisation	2,492	2,406
Depreciation	9,546	7,571
Operating lease charges: minimum lease payments	1,429	1,345
Business tax and surcharges	15,671	13,686
Property management fees	5,528	5,050
Non-operating expenses	1,256	768
Professional fees (other than auditors' remuneration)	965	902
Auditors' remuneration		
– Audit services	163	158
– Non-audit services	23	7
	<u>37,073</u>	<u>31,893</u>

7 INCOME TAX EXPENSE

The statutory income tax rate of the Company and its subsidiaries located in Hong Kong for the year ended 31 December 2015 is 16.5% (2014: 16.5%).

Except for the preferential tax treatments, the income tax rate applicable to the Group's other subsidiaries in Mainland China for the year ended 31 December 2015 is 25% (2014: 25%).

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

	For the year ended 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Current tax – Mainland China		
Provision for enterprise income tax	24,475	24,491
Land appreciation tax	653	1,059
	<u>25,128</u>	<u>25,550</u>
Current tax – Hong Kong		
Provision for Hong Kong profits tax	959	1,011
Current tax – Overseas		
Provision for the year	791	837
	<u>26,878</u>	<u>27,398</u>
Deferred tax		
Origination and reversal of temporary differences	(6,265)	(9,398)
	<u>20,613</u>	<u>18,000</u>

8 DIVIDENDS

	For the year ended 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
2014 Final dividend paid: HK\$0.20 (2013: HK\$0.25) per share	4,981	912
2015 Interim dividend paid: HK\$0.10 (2014: HK\$0.015) per share	2,909	374
2015 Final dividend proposed: HK\$0.20 (2014: HK\$0.20) per share	5,818	4,981

9 EARNINGS PER SHARE

The calculation of basic earnings per share and diluted earnings per share are based on the profit attributable to ordinary shareholders of the Company of HK\$41,812 million for the year ended 31 December 2015 (2014: HK\$39,834 million), calculated as follows:

Weighted average number of ordinary shares (in million):

	For the year ended	
	31 December	
	2015	2014
Issued ordinary shares as at 1 January	24,903	3,649
Effect of shares issued as a consideration for business combination under common control	–	21,254
Weighted average number of newly issued ordinary shares	1,611	–
Weighted average number of ordinary shares as at 31 December (basic)	26,514	24,903
Impact of issued convertible preferred shares	100	–
Weighted average number of ordinary shares as at 31 December(diluted)	26,614	24,903
Basic earnings per share (HK\$)	1.58	1.60
Diluted earnings per share (HK\$)	1.57	1.60

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2015, the Company's dilutive potential ordinary shares include convertible preferred shares issued at 3 August 2015, assuming conversion of convertible preferred shares into ordinary shares at 3 August 2015. For the year 31 December 2014, it was deemed that no potential additional ordinary shares would be issued at no consideration from the exercise of share options because the exercise price was above the average market price of the Company's shares for that period.

10 LOANS AND ADVANCES TO CUSTOMERS AND OTHER PARTIES

	As at 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Corporate loans:		
– Loans	2,093,945	1,991,035
– Discounted bills	110,721	86,254
– Finance lease receivables	21,340	700
	<u>2,226,006</u>	<u>2,077,989</u>
Personal loans:		
– Residential mortgages	320,999	294,240
– Business loans	126,251	138,080
– Credit cards	209,841	159,891
– Others	140,987	110,752
	<u>798,078</u>	<u>702,963</u>
	3,024,084	2,780,952
Less: Impairment allowance		
– Individually assessed	(21,973)	(17,627)
– Collectively assessed	(54,313)	(51,474)
	<u>(76,286)</u>	<u>(69,101)</u>
	<u>2,947,798</u>	<u>2,711,851</u>

11 DEPOSITS FROM CUSTOMERS

(a) Types of deposits from customers

	As at 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Demand deposits		
– Corporate customers	1,385,738	1,197,124
– Personal customers	213,561	187,176
	<u>1,599,299</u>	<u>1,384,300</u>
Time and call deposits		
– Corporate customers	1,727,112	1,729,747
– Personal customers	432,611	464,578
	<u>2,159,723</u>	<u>2,194,325</u>
Outward remittance and remittance payables	<u>7,826</u>	<u>7,883</u>
	<u>3,766,848</u>	<u>3,586,508</u>

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

	As at 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Bank acceptances	349,205	340,496
Letters of credit	11,031	29,960
Guarantees	25,992	19,373
Others	144,801	189,292
	<u>531,029</u>	<u>579,121</u>

12 BANK AND OTHER LOANS

(a) Types of loans

	As at 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Bank loans		
Unsecured loans	92,931	155,499
Loan pledged with assets	33,996	27,682
Guaranteed loans	708	1,160
	<u>127,635</u>	<u>184,341</u>
Other loans		
Unsecured loans	17,962	32,933
Loan pledged with assets	1,624	1,581
Guaranteed loans	–	138
	<u>19,586</u>	<u>34,652</u>
	<u>147,221</u>	<u>218,993</u>

(b) Maturity of loans

	As at 31 December	
	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Bank and other loans are repayable:		
– Within 1 year or on demand	37,645	89,767
– Between 1 and 2 years	22,778	27,509
– Between 2 and 5 years	40,806	62,167
– Over 5 years	45,992	39,550
	<u>147,221</u>	<u>218,993</u>

13 DEBT INSTRUMENTS ISSUED

	As at 31 December	
	2015	2014
	HK\$ million	HK\$ million
Corporate bonds issued	72,762	70,126
Notes issued	69,244	54,450
Subordinated bonds issued	92,840	104,368
Certificates of deposit issued	10,390	14,156
Certificates of interbank deposit issued	204,536	30,026
	<u>449,772</u>	<u>273,126</u>
Analysed by remaining maturity:		
– Within 1 year or on demand	219,157	50,578
– Between 1 and 2 years	11,158	5,092
– Between 2 and 5 years	79,894	54,738
– Over 5 years	139,563	162,718
	<u>449,772</u>	<u>273,126</u>

The Group did not have any defaults of principal, interest or other breaches with respect to its debt instruments issued during the year ended 31 December 2015 (2014: Nil).

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

14 CONTINGENT LIABILITIES – OUTSTANDING LITIGATION AND DISPUTES

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

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

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

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

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

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

The MMT hearing was part heard in November and December 2015. It is expected that the hearing will resume in April 2016.

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

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

(ii) Mineralogy Disputes

Sino Iron Pty Ltd ("Sino Iron") and Korean Steel Pty Ltd ("Korean Steel"), subsidiary companies of the Company, are parties to Mining Rights and Site Lease Agreements ("MRSLAs") with Mineralogy Pty Ltd ("Mineralogy"). Among other things, those agreements, together with other project agreements, provide Sino Iron and Korean Steel the right to construct the Sino Iron project and take two billion tonnes of magnetite ore.

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

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

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

There are a number of disputes with Mineralogy. Below are the details.

Option Agreement Dispute

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

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

Notwithstanding the making of these declarations, Mineralogy has not taken the action necessary to permit completion of the transaction resulting from the Company's exercise of the first option under the Option Agreement. The Company maintains that the first option has been validly exercised and will take such steps as are necessary to complete the acquisition of the further company.

Royalties Disputes

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

Mineralogy is currently seeking leave to amend its Statement of Claim to seek, among other things, to raise certain of the issues addressed in other proceedings it commenced in the Supreme Court of Western Australia that were permanently stayed in late 2015, to withdraw certain claims contained in its current Statement of Claim and to raise new issues. Mineralogy's application for leave to amend was heard in March 2016 but the Court has not yet ruled on the application.

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

Port Dispute

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

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

(iii) CITIC Resources Litigation

- (1) In August 2014, CITIC Resources, a subsidiary of the Group, has noted from an announcement issued by 山煤國際能源集團股份有限公司 (Shanxi Coal International Energy Group Co., Ltd.) ("Shanxi Coal Int'l") that 山煤煤炭進出口有限公司 (Shanxi Coal Import & Export Co., Ltd.) ("Shanxi Coal I/E"), a wholly-owned subsidiary of Shanxi Coal Int'l, commenced a claim in 山西省高級人民法院 (Shanxi High People's Court) (the "Shanxi Court") against, amongst others, CITIC Australia Commodity Trading Pty Limited ("CACT") (the "Claim A"). Shanxi Coal I/E is claiming from CACT (1) the sum of US\$89,755,000 (HK\$700,089,000) plus interest for breach of contract resulting from the alleged non-delivery of certain aluminium ingots by CACT to Shanxi Coal I/E, and (2) costs in respect of Claim A.

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

CITIC Resources was also noted from such announcement that, in connection with the Claim A, Shanxi Coal I/E had obtained an asset protection order over a certain quantity of CACT's alumina and copper stored in bonded warehouses at Qingdao port.

CACT remains of the view that Claim A is without merit. Accordingly, no provision was made in respect of Claim A.

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

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

- (3) In August 2014, the CITIC Resources has noted from an announcement issued by Qingdao Port International Co., Ltd. (the "Qingdao Port Announcement") that a legal complaint dated 14 July 2014 (the "Legal Proceedings") had been issued by ABN AMRO Bank N.V., Singapore Branch ("ABN AMRO") against CACT.

According to the Qingdao Port Announcement, among other things, ABN AMRO had issued the Legal Proceedings alleging that CACT had taken wrongful preservative measures in respect of cargo over which ABN AMRO claims it had been granted a pledge (the "Subject Cargo") and is seeking an order that (i) CACT compensate ABN AMRO for loss of RMB1,000,000 (HK\$1,193,000), (ii) CACT withdraw its asset protection order over the Subject Cargo, and (iii) CACT bear all fees and legal costs of the Legal Proceedings.

Up to the date of issuance of the consolidated financial statements, CACT had not been served with the Legal Proceedings and is, therefore, unable to consider or comment on the substance of the Legal Proceedings. Accordingly, no provision was made in respect of the Legal Proceedings.

(iv) Metallurgical Corporation of China Disputes

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

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

As at the date of issuance of the consolidated financial statements MCC has not claimed any additional costs from Sino Iron or its subsidiary companies, other than minor contract variations in the normal course of operations, and the Group believes it has satisfied all of its obligations under the contract.

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

As set out in the Company’s announcement dated 24 December 2013, Sino Iron and MCC WA entered into a supplemental contract pursuant to which Sino Iron will take over the management of the construction and commissioning of the remaining four production lines of the Sino Iron project. An independent audit will opine on various matters including the contract price for the hand over pursuant to the supplemental contract and related fees and expenses, the value of the supporting services provided by Sino Iron to MCC WA in carrying out its responsibilities under the contract, the extent of the works completed by MCC WA in respect of the first two production lines, and the liability of MCC WA in respect of the extensive delays on completion of the works under the contract. By reference to such findings of the independent audit, Sino Iron and MCC WA expect to enter into further negotiations to determine the amount of liabilities to be borne between the parties. Outcomes are not yet known as at 31 December 2015.

Note:

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results 2015 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of companies as required by section 662(3) of, and Part 3 of schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company’s auditor has reported on the financial statements of the Group for the year ended 31 December 2015. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

FINANCIAL REVIEW AND ANALYSIS

<i>In HK\$ million</i>	2015	2014	Increase/ (Decrease)
Revenue	416,813	402,124	14,689
Profit before taxation	81,306	77,800	3,506
Profit attributable to ordinary shareholders	41,812	39,834	1,978
Earnings per share (HK\$)			
Basic	1.58	1.60	(0.02)
Diluted	1.57	1.60	(0.03)
Dividend per share (HK\$)	0.30	0.215	0.085
Net cash generated from operating activities	309	58,937	(58,628)
Capital expenditure	76,174	60,235	15,939
Total assets	6,803,309	5,947,831	855,478
Total liabilities	6,140,140	5,372,324	767,816
Total ordinary shareholders' funds and perpetual capital securities	492,902	431,960	60,942
Return on total assets (%)	1%	1%	–
Return on net assets (%)	9%	10%	(1%)

Profit/(loss) and assets by business

<i>In HK\$ million</i>	Profit/(loss)		Assets as at 31 December		Return on assets (<i>note</i>)	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
Financial services	70,183	59,016	6,211,176	5,322,510	1%	1%
Resources and energy	(18,318)	(13,613)	141,693	147,903	(13%)	(9%)
Manufacturing	2,624	3,354	97,208	108,501	3%	3%
Engineering contracting	2,601	2,384	42,245	44,020	6%	5%
Real estate	4,292	5,107	232,809	215,095	2%	2%
Others	3,600	4,534	113,738	97,373	3%	5%
Underlying business operations	64,982	60,782	6,838,869	5,935,402		
Operation management	(5,072)	(2,504)				
Elimination	783	1,522				
Profit attributable to non-controlling interests and holders of perpetual capital securities	18,881	19,966				
Profit attributable to ordinary shareholders	41,812	39,834				

Note: Total earnings of the business divided by average total assets of the business.

Revenue by business

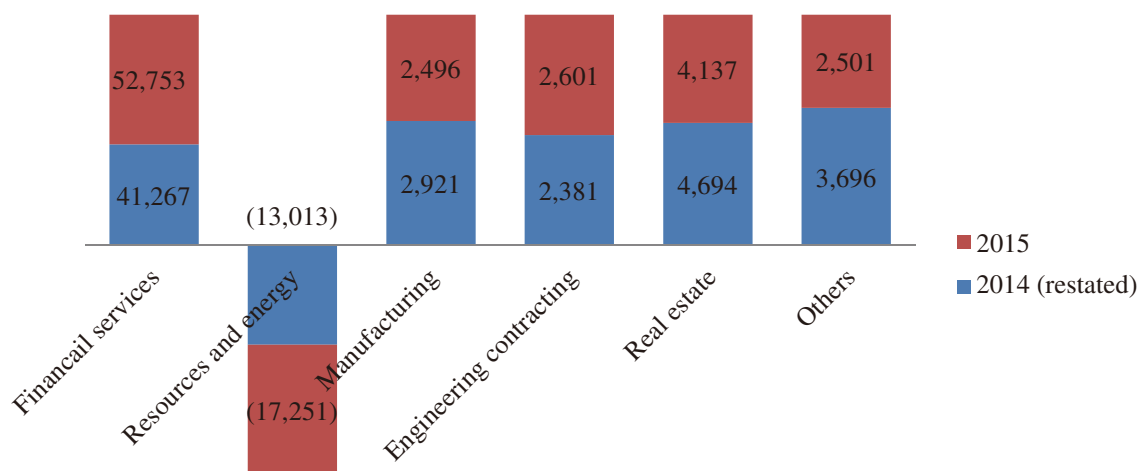
<i>In HK\$ million</i>	2015	2014 (restated)	Increase/(decrease) Amount	%
Financial services	205,378	164,849	40,529	25%
Resources and energy	45,664	51,786	(6,122)	(12%)
Manufacturing	60,077	71,845	(11,768)	(16%)
Engineering contracting	14,676	17,127	(2,451)	(14%)
Real estate	27,528	29,909	(2,381)	(8%)
Others	63,348	66,216	(2,868)	(4%)

Revenue by nature

<i>In HK\$ million</i>	2015	2014 (restated)	Increase/(decrease) Amount	%
Net interest income	131,883	121,078	10,805	9%
Net fee and commission income	48,899	37,620	11,279	30%
Sales of goods and services	211,383	237,189	(25,806)	(11%)
– Sales of goods	171,247	196,652	(25,405)	(13%)
– Services rendered to customers	27,254	25,796	1,458	6%
– Revenue from construction contracts	12,882	14,741	(1,859)	(13%)
Other revenue	24,648	6,237	18,411	295%

HK\$ million

Profit /(loss) Attributable to Ordinary Shareholders by Business



Capital Expenditures

<i>In HK\$ million</i>	2015	2014 (restated)	Increase/(Decrease)	
			Amount	%
Financial services	13,820	5,046	8,774	174%
Resources and energy	12,059	12,257	(198)	(2%)
Manufacturing	4,937	4,619	318	7%
Engineering contracting	508	541	(33)	(6%)
Real estate	3,013	642	2,371	370%
Others	11,367	3,540	7,827	221%
Subtotal	45,704	26,645	19,059	72%
Real estate development	30,470	33,590	(3,120)	(9%)
Total	76,174	60,235	15,939	26%

Group Financial Position

<i>In HK\$ million</i>	As at 31 December 2015	As at 31 December 2014	Increase/(Decrease)	
			Amount	%
Total assets	6,803,309	5,947,831	855,478	14%
Loans and advances to customers and other parties	2,947,798	2,711,851	235,947	9%
Investments classified as receivables	1,331,281	834,652	496,629	60%
Financial assets held under resale agreements	165,391	172,100	(6,709)	(4%)
Fixed assets	183,740	179,303	4,437	2%
Inventories	130,447	133,258	(2,811)	(2%)
Total liabilities	6,140,140	5,372,324	767,816	14%
Deposits from customers	3,766,848	3,586,508	180,340	5%
Deposits from banks and non-bank financial institutions	1,275,421	871,213	404,208	46%
Bank and other loans	147,221	218,993	(71,772)	(33%)
Debt instruments issued	449,772	273,126	176,646	65%
Total ordinary shareholders' funds and perpetual capital securities	492,902	431,960	60,942	14%

Loans and advances to customers and other parties

As at 31 December 2015, the loans and advances to customers and other parties of the Group was HK\$2,947,798 million, an increase of HK\$235,947 million, 9% from 2014. The proportion of loans and advances to customers and other parties to total assets was 43%, an decrease of 3% compared to 31 December 2014.

<i>In HK\$ million</i>	As at 31 December 2015	As at 31 December 2014	Increase/(Decrease) Amount	%
Corporate loans	2,115,285	1,991,735	123,550	6%
Discounted bills	110,721	86,254	24,467	28%
Personal loans	798,078	702,963	95,115	14%
Total loans and advances to customers and other parties	3,024,084	2,780,952	243,132	9%
Impairment allowances	(76,286)	(69,101)	7,185	10%
Net loans and advances to customers and other parties	2,947,798	2,711,851	235,947	9%

Deposits from customers

As at 31 December 2015, deposits from customers of the financial institutions under the Group were HK\$3,766,848 million, an increase of HK\$180,340 million, 5% compared to 31 December 2014. The proportion of deposits from customers to total liabilities was 61%, a decrease of 6% compared to 31 December 2014.

<i>In HK\$ million</i>	As at 31 December 2015	As at 31 December 2014	Increase/(Decrease) Amount	%
Corporate deposits				
Time deposits	1,727,112	1,729,747	(2,635)	(0.2%)
Demand deposits	1,393,564	1,205,007	188,557	16%
Subtotal	3,120,676	2,934,754	185,922	6%
Personal deposits				
Time deposits	432,611	464,578	(31,967)	(7%)
Demand deposits	213,561	187,176	26,385	14%
Subtotal	646,172	651,754	(5,582)	(1%)
Total	3,766,848	3,586,508	180,340	5%

Risk Management

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

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

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

Financial Risk

Governance structure

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

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

Asset and liability management

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

1. Debt

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

As at 31 December 2015, consolidated debt of CITIC Limited⁽¹⁾ was HK\$596,993 million, including loans of HK\$147,221 million and debt instruments issued⁽²⁾ of HK\$449,772 million. Debt of the head office of CITIC Limited⁽³⁾ accounted for HK\$47,669 million and debt of CITIC Bank⁽⁴⁾ HK\$345,121 million. In addition, the head office of CITIC Limited had cash and deposits of HK\$10,869 million and available committed facilities from banks and subsidiaries of HK\$21,255 million.

The details of debt are as follows:

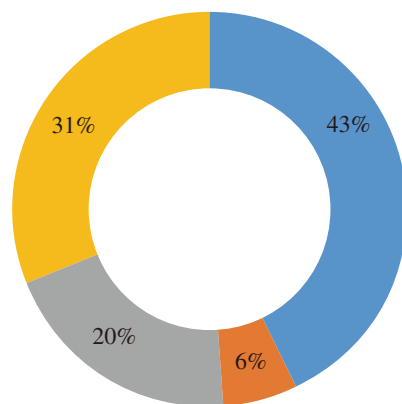
As at 31 December 2015	<i>HK\$ million</i>
Consolidated debt of CITIC Limited	596,993
Among which: Debt of the head office of CITIC Limited	47,669
Debt of CITIC Bank	<u>345,121</u>

Note:

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

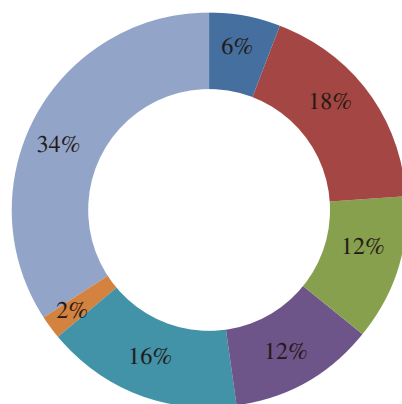
Consolidated debt by maturity as at 31 December 2015

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



Consolidated debt by type as at 31 December 2015

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



The debt to equity ratio of CITIC Limited as at 31 December 2015 is as follows:

<i>In HK\$ million</i>	Consolidated	Head office
Debt	596,993	47,669
Total equity ⁽⁵⁾	663,169	403,444
Debt to equity ratio	90%	12%

Note:

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

2. Liquidity risk management

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

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

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

3. Credit ratings

	Standard & Poor’s	Moody’s
31 Dec 2015	A-/Stable	A3/Stable

On 2 March 2016, Moody’s changed CITIC Limited’s rating outlook from stable to negative following its decision to change China’s sovereign rating outlook to negative.

Treasury risk management

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

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

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

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

1. Interest rate risk

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

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

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

2. Currency risk

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

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

3. Counterparty risk for financial products

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

4. Commodity risk

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

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

5. Market price risk

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

Economic Environment

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

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

Operational Risk

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

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

Credit Risk

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

Competitive Markets

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

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

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

Other External Risks and Uncertainties

Impact of local, national and international laws and regulations

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

Impact of new accounting standards

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

Natural disasters or events, terrorism and diseases

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

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

Environmental, Social and Governance Report

At CITIC Limited, we have incorporated the idea of sustainable development into our corporate development strategies and day-to-day management of operations, which are underpinned by our commitment to the protection of the natural environment, concern for staff welfare and development, conformance by suppliers with our sourcing and supply standards, and care for the well-being of residents of the communities in which we operate. Through this approach to sustainability, we aim to promote the interests of shareholders, employees, customers and the community.

Environmental Protection

CITIC Limited is committed to environmental protection and the more efficient application of resources. Effective measures have been adopted in the course of our business to minimise the impact of our operations on the environment. We will further regulate our environmental practices and continuously enhance our performance in related areas in order to meet the changing needs of social development.

In response to the nation's initiative to promote cooperation in the public service sector and the government, we have organised social capital (PPP) joint entities among our subsidiaries. Through the provision of integrated service solutions, we are actively engaged in constructing and operating social and public products and services related to environmental protection. During the year, our subsidiaries implemented projects such as the Wuhan Clean Water into the River, Sewage Interception Project Around Erhai Lake in Dali, and the Waste Water Treatment of 4 Water Plants in Liaoyang and Ancillary Pipe Networks. They also undertook a variety of other activities in environmental protection, energy-saving and emissions reduction that contribute to a "Beautiful China" and protection of the environment.

CITIC Bank continued to offer a green credit programme and increased the number of loans for energy-saving and environment-friendly projects, while exercising stringent control over credit risks associated with overproduction. The bank also developed a green intermediary credit business and began exploring carbon financing with two national pilot carbon trading exchanges.

CITIC Trust provided financial support and integrated financial solutions to a number of environmental technology companies, while promoting a greener office in its own operations by calling on staff to conserve energy, reduce emissions and monitor its own carbon footprint.

CITIC Resources utilised technologies to achieve cleaner production at its plants and in the communities where it operates. At the Karazhanbas Oilfield, scrap metals stockpiled over the years were classified into different categories before processing and a new compliant stockpile was built. CITIC Resources also began installing hydrogen sulphide testing equipment at all construction sites in the Seram Block for inspection and testing of toxic gases. A total of 132 transformer units with variant capacities were installed on Artificial Islands A, B and C at the Yuedong Oilfield to achieve electricity savings of up to 15%.

At CITIC Mining International through its Environmental Management System (EMS) continued to closely monitor the project's environmental management performance to ensure compliance with relevant government approvals and regulations and transparently report the environmental performance. The company also implemented its internal SinoSAFE scheme with the aim of making CITIC Mining International a leader in health, safety and environmental protection.

CITIC Heavy Industries continued to comply fully with national laws and regulations on environmental protection and met all environmental standards. The company has also installed a wastewater treatment station capable of processing 5500 t/d of industrial waste water and passed all the relevant tests of the environmental authorities during the year. Solid waste, including garbage, construction trash and waste sand from casting processes, was treated properly, while hazardous waste was temporarily stored at a specially-built warehouse and delivered to certified parties for regular disposal.

CITIC Dicastal constructed a reclaimed water treatment system for the processing and re-use of wastewater discharged from its water treatment stations, water discharged from the cooling system, and concentrated water generated from de-ionised water. Dust discharge test results also improved significantly after the adoption of a two-tier de-dusting system that makes use of a ceramic multi-tube cyclone dust collector and anti-static pulse-jet dust removal bag at the cast spinning workshop.

CITIC Pacific Special Steel and its subsidiaries continued to ensure its manufacturing operations are clean and environmentally-friendly. Subsidiaries such as Xin Yegang Steel and Tongling Pacific recycled gas, wastewater and particles and recovered solid waste during the course of production. It also reduced energy consumption by recycling gas, steam and thermal air. Following the "contract energy management" approach, Special Steel launched a series of energy conservation and emission reduction projects. These included the installation of a lime production line and low-temperature residual heat thermal power conversion system at Xingcheng Special Steel and the upgrade of energy conservation water pump technology at Xin Yegang. These measures will not only make better use of resources but also provide cost savings during production.

CITIC Environment specialises in waste water treatment, solid waste processing, energy conservation and energy-saving technologies. With the successful acquisition of United Envirotech of Singapore, CITIC Environment applied cutting-edge technologies at various water treatment projects that achieved significantly better results compared with traditional treatments, while creating an important platform for CITIC Limited to offer a technologically-advanced water supply and waste water treatment business in China.

Growing together with our employees

As a large international conglomerate with diverse business portfolio, we ensure our labour contracts are in strict compliance with the laws and regulations of the jurisdictions in which we operate and protect the rights of all employees, with a special emphasis on women. We also offer opportunities for career advancement and career planning, while making continuous improvements to our staff remuneration and benefits scheme. In addition, we provide a market-based incentive and appraisal system that links staff remuneration with their performance and continuously optimise our performance appraisal system. As at the end of 2015, CITIC Limited had a total of 133,526 employees.

We are dedicated to building a harmonious relationship with our employees across our diverse business portfolio. We offer equal opportunities in employee recruitment and career advancement, regardless of ethnicity, nationality, religion, physical disability or gender, and are committed to the prevention of child or forced labour.

Our remuneration policy places equal emphasis on the market-competitiveness of our remuneration and fairness among employees. In 2015, we improved the performance appraisal system of our subsidiaries and our remuneration mechanism as measured against market benchmarks. We were also in compliance with the requirements of local governments in relation to staff insurance, benefit plans, work hours and annual leave provisions, as well as social insurance. Most of our subsidiaries provide additional benefits and insurance coverage for staff, such as a corporate annuity (supplementary pension insurance) and supplementary medical insurance.

Staff training continued to be a top priority at CITIC Limited. Through our annual education and training plan, we organised training programmes for intermediary and senior management personnel as well as professional technical personnel, with a special focus on operational and management staff. We also encouraged our subsidiaries to share training resources as well as conduct education and training programmes.

As part of our commitment to providing a safe and healthy work environment, in 2015 our headquarters and subsidiaries engaged in financial services launched initiatives such as the green office and Healthy Walk to help employees alleviate work pressure. Subsidiaries engaged in non-financial industries provided additional improvements to their systems and regimes, carried out safety inspections and held safety seminars. Our overseas project headquarters organised activities for the psychological well-being of employees.

Operational Practices

We seek to provide innovative products and services based on the customer-oriented principle. In our supply chain, we enhanced our cooperation with suppliers and made regular improvements to our supply-chain management. We continued to combat corruption and bribery as part of our commitment to responsible, open and mutually beneficial business in our dealings with the local community, enterprises and customers.

In 2015, we extended our cooperation with third parties to build a regional cooperation platform. Led by CITIC Bank in 36 regions in China, we worked with subsidiaries to strengthen ties with local governments and industry leaders by organising reciprocal visits at senior levels and matching areas for cooperation.

Our efforts to introduce innovative products and services continued throughout the year. Our subsidiary CITIC Trust, for example, launched innovative new trust products, including China's first PPP trust product and first SPV asset securitisation product. CITIC Construction obtained special-grade qualifications for housing construction contractors in China and Grade A qualifications for architectural designers, putting them among first-tier enterprises in China's civil engineering sector with EPC qualifications and full licenses. CITIC Construction also became the first Chinese enterprise to obtain Class One construction and installation qualifications for its Kazakhstan operation. CITIC Heavy Industries improved its abilities to handle customer issues with the launch of a comprehensive customer service platform. It also launched an On-site Quality Promotion campaign to upgrade the quality of its engineering work, products and services. Finally, CITIC Press cooperated with CITIC Bank, CITIC Real Estate and CITIC Securities to promote the CITIC brand through new cultural service labels such as Cloud Bookstore and CITIC College.

We believe that the selection of responsible suppliers is critical for ensuring a sustainable supply chain. Businesses that have extensive dealings with suppliers, the real estate, infrastructure and manufacturing subsidiaries of CITIC Limited have all produced guidelines for the management and selection of suppliers.

In adherence to the principles of integrity and fair competition, we officially published the *CITIC Limited Measures for Dealing with Whistleblowing and the CITIC Limited Staff Code of Conduct* in August 2015. We are now conducting semi-annual reviews of staff compliance with the Code of Conduct to avoid dishonest, unethical or corrupt acts that would affect the reputation of the Company.

Community Investment

As a responsible corporate citizen, CITIC Limited understands that community involvement is essential for harmonious relations. We encourage our employees to serve and give back to the community through participation in various community activities. We also contribute to a number of community projects by leveraging our advantages as a conglomerate as well as through the active participation of our employees, winning wide recognition from local governments, communities and residents.

In 2015, CITIC Limited and its subsidiaries engaged in fund-raising for community welfare causes, such as natural disaster relief, education and caring for the underprivileged. Our major donations included HK\$300,000 towards emergency relief organised by Oxfam Hong Kong for disaster-stricken areas in Nepal, HK\$1 million towards the Corporate and Employee Contribution Programme of the Hong Kong Community Chest, and RMB\$2.06 million by CITIC Trust towards the CITIC Aerospace Development Fund. CITIC United Asia Investments donated RMB500,000 to Ban Po Elementary School in Yunnan Province.

Our businesses are located in many areas of the world. In the course of our business operations, we assist the development of the local economy and contribute to the welfare of people in the community.

In Hong Kong, CITIC Pacific supports charity campaigns organised by The Community Chest such as Skip Lunch Day, which in 2015 was supported by 241 staff members who raised HK\$24,651 in donations. In Macau, the Teenage Growth Programme 2015, jointly organised by Macau Telecom under the CITIC Telecom and Bosco Youth Service Network for a second year, encouraged teens to improve themselves during the summer holidays. In Mainland China, various CITIC Limited subsidiaries organised or participated in charitable activities such as Care for Resident Children in Mountain Areas operated by CITIC Heavy Industries, the Charity and Dream Fulfilment Education Foundation by CITIC Dicastal, Colouring for Charity by CITIC Real Estate and 2015 Year of Reading: to Inspire Reading programme by CITIC Press.

In Australia, CITIC Mining International raised over A\$110,000 for beyondblue, a community psychological health group that assists people suffering from depression or anxiety. In Singapore, CITIC Envirotech participated in Lien Aid projects dedicated to the provision of safe and affordable drinking water and hygiene facilities to underprivileged communities in China. In Indonesia, the Seram Block of CITIC Resources continued to operate the 24/7 Wayhul Clinic in order to provide reliable medical treatment and services to the workers of the Oilfield and other members of the local community. In Angola, all students in the first graduation class of the Centenary Vocation School received their graduation certificates and secured employment, while girls from impoverished families were enrolled in hotel service classes.

CORPORATE GOVERNANCE

CITIC Limited is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. Looking ahead, we will keep our governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. A full description of CITIC Limited's corporate governance will be set out in the section of Corporate Governance contained in the Annual Report 2015.

Save as disclosed below, CITIC Limited has applied the principles and complied with all the code provisions of the corporate governance code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year 2015. In respect of code provision A.6.7 of the CG Code, Dr Xu Jinwu (independent non-executive director) was not able to attend the extraordinary general meeting of CITIC Limited held on 16 March 2015 due to other engagements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the board reviewed the 2015 consolidated financial statements and the annual results for the year ended 31 December 2015 with management and CITIC Limited's internal and external auditors and recommended its adoption by the board. The committee currently consists of three independent non-executive directors.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have resolved to recommend to shareholders the payment of a final dividend of HK\$0.20 per share (2014: HK\$0.20 per share), which together with the interim dividend of HK\$0.10 per share (2014: HK\$0.015 per share) already paid makes a total dividend of HK\$0.30 per share (2014: HK\$0.215 per share) for the year ended 31 December 2015. The total dividend of HK\$0.30 per share will amount to HK\$8,727 million of CITIC Limited's profit for the year ended 31 December 2015 (2014: HK\$5,355 million).

The proposed final dividend of HK\$0.20 per share, the payment of which is subject to approval of the shareholders at the annual general meeting of CITIC Limited to be held on Wednesday, 8 June 2016 (“2016 AGM”), is to be payable on Wednesday, 29 June 2016 to shareholders whose names appear on the Register of Members of CITIC Limited on Friday, 17 June 2016.

The Register of Members of CITIC Limited will be closed during the following periods:

- (i) from Friday, 3 June 2016 to Wednesday, 8 June 2016, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2016 AGM. In order to be eligible to attend and vote at the 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited’s Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2016; and
- (ii) from Wednesday, 15 June 2016 to Friday, 17 June 2016, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with CITIC Limited’s Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 14 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither CITIC Limited nor any of its subsidiary companies has purchased, sold or redeemed any of CITIC Limited’s listed securities during the year ended 31 December 2015.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent CITIC Limited’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some cases materially, from those implied or anticipated in any forward looking statement or assessment of risk.

ANNUAL REPORT AND FURTHER INFORMATION

A copy of the announcement will be found on CITIC Limited's website (www.citic.com) and the Hong Kong Stock Exchange's website (www.hkex.com.hk). The full Annual Report will be made available on the websites of CITIC Limited and the Hong Kong Stock Exchange around 15 April 2016.

By Order of the Board
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 24 March 2016

As at the date of this announcement, the executive directors of CITIC Limited are Mr Chang Zhenming (Chairman), Mr Wang Jiong, Ms Li Qingping and Mr Pu Jian; the non-executive directors of CITIC Limited are Mr Yu Zhensheng, Mr Yang Jinming, Mr Liu Yeqiao, Mr Song Kangle, Mr Liu Zhongyuan, Mr Yang Xiaoping and Mr Li Rucheng; and the independent non-executive directors of CITIC Limited are Mr Francis Siu Wai Keung, Dr Xu Jinwu, Mr Anthony Francis Neoh, Ms Lee Boo Jin, Mr Noriharu Fujita and Mr Paul Chow Man Yiu.