IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "Offering Circular"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from any of Dongxing Voyage Company Limited(東興啟航有限公司)(the "Issuer"), Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司) ("DXHK") and China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司) (together with DXHK, the "Guarantors") and Dongxing Securities (Hong Kong) Company Limited ("DX Securities"), BOCI Asia Limited, Standard Chartered Bank, ABCI Capital Limited, Bank of China Limited, CEB International Capital Corporation Limited, China Citic Bank International Ltd., China Minsheng Banking Corp., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Ltd., Hong Kong Branch (together, the "Joint Lead Managers") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS OR TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to the Issuer, the Guarantors and the Joint Lead Managers that you are a non-U.S. person outside of the United States and that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer and the Guarantors in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Agents (each as defined in this Offering Circular) or any person who controls any of them, or any affiliate, officer, employee, director, agent and advisor of any of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Agents, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Guarantors and the Joint Lead Managers.

Actions that You May Not Take: If you receive this document by electronic mail, you should not reply by electronic mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your electronic mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

DONGXING VOYAGE COMPANY LIMITED
(東興啟航有限公司)

(incorporated in the British Virgin Islands with limited liability)

US$300,000,000 2.25 per cent. Guaranteed Bonds due 2019

unconditionally and irrevocably guaranteed by

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
(東興證券(香港)金融控股有限公司)

(incorporated in Hong Kong with limited liability)

and

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
(中國東方資產管理(國際)控股有限公司)

(incorporated in Hong Kong with limited liability)

Issue Price: 99.646 per cent.

The 2.25 per cent. Guaranteed Bonds due 2019 (the "Bonds") will be issued in the aggregate principal amount of US$300,000,000 by Dongxing Voyage Company Limited (東興啟航有限公司) (the "Issuer") and will be unconditionally and irrevocably guaranteed (together the "Guarantees") by Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司) ("DXHK") and China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司) ("COAMI", together with DXHK, the "Guarantors").

The Bonds will bear interest on their outstanding principal amount from and including 27 September 2016 (the "Issue Date") at the rate of 2.25 per cent. per annum, payable semi-annually in arrear on 27 March and 27 September in each year. Unless previously redeemed or purchased and cancelled, the Bonds will mature on 27 September 2019 at their principal amount.

Payments on the Bonds will be made without withholding or deduction for taxes of the Relevant Jurisdictions (as defined in "Terms and Conditions of the Bonds"), unless required by law, in which case the Issuer will pay certain additional amounts on the Bonds, subject to certain exceptions described under "Terms and Conditions of the Bonds — Taxation".

The Bonds are subject to redemption, in whole, but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of any Relevant Jurisdiction. The Issuer may at its option at any time redeem the Bonds, in whole but not in part, at a Make Whole Price (as defined in "Terms and Conditions of the Bonds") plus interest accrued but unpaid to (but excluding) the date fixed for redemption. The Bonds also contain a provision for redemption at the option of the holders at 101 per cent. of the principal amount of the Bonds, together with interest accrued to the date for redemption, upon a Change of Control (as defined in "Terms and Conditions of the Bonds"). See "Terms and Conditions of the Bonds — Redemption and Purchase".

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "NDRC Notice") promulgated by the National Development and Reform Commission (the "NDRC") on 14 September 2015 which came into effect on the same day, DXHK has caused the issuance of the Bonds to be registered with the NDRC and obtained a certificate from the NDRC on 6 September 2016 evidencing such registration. Pursuant to the NDRC Notice, DXHK will cause relevant information in connection with the Bonds to be reported to the NDRC within ten PRC business days after the Issue Date.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 13 for a description of certain factors to be considered in connection with an investment in the Bonds.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or, opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the offering, the Issuer, the Guarantors, their respective subsidiaries, their respective associated companies or the Bonds.

The Bonds and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state securities laws. The Bonds are being offered and sold only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale".

The Bonds will initially be represented by beneficial interests in a global certificate (the "Global Certificate"), which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, definitive certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

The Bonds are expected to be rated "A-" by Fitch Inc. ("Fitch"). A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Joint Global Coordinators

Dongxing Securities (Hong Kong) **BOC International** **Standard Chartered Bank**

Joint Bookrunners and Joint Lead Managers

Dongxing Securities (Hong Kong) **BOC International** **Standard Chartered Bank**

ABC International **Bank of China** **CEB International** **China Citic Bank International** **China Minsheng Banking Corp., Ltd. Hong Kong Branch**

Guotai Junan International **Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch** **Shenwan Hongyuan Securities (H.K.) Ltd.**

Offering Circular dated 20 September 2016

IMPORTANT NOTICE

Investors are advised to exercise caution in relation to the offering of the Bonds described herein. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

Each of the Issuer and the Guarantors, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantors and their respective subsidiaries taken as whole (the “Group”), Dongxing Securities Company Limited (“Dongxing Securities”), the Bonds and the Guarantees which is material in the context of the issue and offering of the Bonds; (ii) all statements of facts relating to the Issuer, the Guarantors, the Group and Dongxing Securities contained in this Offering Circular are in all material respects true and accurate and not misleading in any material respect; (iii) there are no other facts in relation to the Issuer, the Guarantors, Dongxing Securities, the Bonds and the Guarantees the omission of which would in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect, (iv) the opinions and intentions with regard to the Issuer, the Guarantors, the Group and Dongxing Securities contained in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and (v) all reasonable enquiries have been made by the Issuer and the Guarantors to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer and the Guarantors accept full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantors solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantors, Dongxing Securities (Hong Kong) Company Limited (“DX Securities”), BOCI Asia Limited, Standard Chartered Bank, ABCI Capital Limited, Bank of China Limited, CEB International Capital Corporation Limited, China Citic Bank International Ltd., China Minsheng Banking Corp., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Ltd. (together, the “Joint Lead Managers”), DB Trustees (Hong Kong) Limited (the “Trustee”), and Deutsche Bank AG, Hong Kong Branch as the Principal Paying Agent, the Transfer Agent and the Registrar (together the “Agents”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offer, sale and resale of the Bonds and distribution of this Offering Circular, see “Subscription and Sale”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantors, the Group, Dongxing Securities, the Bonds or the Guarantees other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantors, the Group or Dongxing Securities, since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates has independently verified any of the information contained in this Offering Circular and can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers or affiliates that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THE ISSUE OF THE BONDS, BOCI ASIA LIMITED AS THE STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantors, the Group, Dongxing Securities, and the terms of the offering of the Bonds, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates accepts any responsibility for the contents of this Offering Circular or for any statements, made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantors, the Group, Dongxing Securities, the giving of the Guarantees or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee or the Agents and their respective directors, officers, advisors, employees, agents or affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, advisors, employees, agents or affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantors, the Group or Dongxing Securities during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, advisors, employees, agents or affiliates.

The Issuer, the Guarantors, the Group, the Joint Lead Managers, the Trustee or the Agents and their respective affiliates, officers, employees, directors, agents and advisors are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice.

Presentation of Financial Information

This Offering Circular contains (i) DXHK's audited financial statements as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 and (ii) COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015. Such financial statements and consolidated financial statements were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been audited by Deloitte Touche Tohmatsu.

This Offering Circular also contains English translation of the audited consolidated financial statements of Dongxing Securities as at and for the years ended 31 December 2014 and 2015. Such consolidated financial statements were prepared in accordance with Chinese Accounting Standards for Business Enterprises《企業會計準則》("PRC GAAP") issued by the Ministry of Finance of the PRC ("MOF") and have been audited by Ruihua Certified Public Accountants ("Ruihua"). However, such consolidated financial statements have only been prepared in Chinese, and an English translation of such consolidated financial statements has been prepared by Ruihua and included in this Offering Circular for reference only. Should there be any inconsistency between the consolidated financial statements of Dongxing Securities in Chinese and the English translation of such consolidated financial statements, the consolidated financial statements of Dongxing Securities in Chinese shall prevail. The English translation of the consolidated financial statements of Dongxing Securities does not itself constitute audited or reviewed financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in, the consolidated financial statements of Dongxing Securities in Chinese. None of the Issuer, the Guarantors and the Joint Lead Managers nor their respective affiliates, directors, officers, employees, agents and advisers have independently verified or checked the accuracy of the English translation of the consolidated financial statements of Dongxing Securities and can give no assurance that the information contained in such English translation is accurate or complete.

About Dongxing Securities

This Offering Circular includes business and financial information in connection with Dongxing Securities. Investors should be cautioned that Dongxing Securities, as the direct shareholder of DXHK and the indirect shareholder of the Issuer, shall not provide guarantee or any other form of credit support or enhancement for the Bonds. Such information is included for reference only.

CERTAIN DEFINED TERMS AND CONVENTIONS

The Issuer and the Guarantors have prepared this Offering Circular using a number of conventions which investors should consider when reading the information contained herein. In this Offering Circular, references to:

- "BVI" are to the British Virgin Islands;
- "China", "Chinese" or "PRC" are, to the People's Republic of China, excluding Hong Kong, Macau and Taiwan;
- "HK$" or "HK dollars" are to Hong Kong dollars, the official currency of Hong Kong;

- “Hong Kong” are to the Hong Kong Special Administrative Region;
- “Macau” are to the Macau Special Administrative Region of the PRC;
- “NDRC” are to the National Development and Reform Commission of the PRC;
- “NPA(s)” are to non-performing asset(s);
- “PBOC” are to People’s Bank of China;
- “RMB”, “CNY” and “Renminbi” are to the Renminbi Yuan, the official currency of the PRC;
- “SAFE” are to the State Administration for Foreign Exchange of the PRC;
- “SME” are to small and medium enterprise; and
- “US$” and “U.S. dollars” are to United States dollars, the official currency of the United States of America.

Solely for convenience, this Offering Circular contains conversions of certain Renminbi amounts into U.S. dollars at specified rates. Unless indicate otherwise, the conversion of Renminbi into U.S. dollars has been made at the rate of RMB6.4778 to US$1.00, as applicable, the noon buying rate in effect on 31 December 2015 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States; and the conversion of HK dollars to U.S. dollars has been made at the rate of HK$7.7507 to US$1.00, as applicable, the noon buying rate in effect on 31 December 2015 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States. Further information on exchange rates is set forth in “Exchange Rate Information” in this Offering Circular. You should not construe these conversions as representations that the Renminbi or HK dollar amounts could actually be converted into any U.S. dollar, or vice versa, as the case may be, at the rates indicated or at all.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to such rounding. References to information in billions of units are to the equivalent of a thousand million units.

Unless the context otherwise requires, references to “2013”, “2014” and “2015” in this Offering Circular are to the years ended 31 December 2013, 2014 and 2015, respectively.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese names prevail.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, but not limited to, statements relating to:

- the business and operating strategies and the future business development of the Group and Dongxing Securities;
- the general economic, market and business conditions in China;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's ability to enter into new markets and expand its operations;
- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- costs of bank loans and other forms of financing, and the Group's ability to secure adequate financing;
- the Group's estimated capital expenditure;
- the Group's financial condition and performance;
- the Group's dividend distribution plans;
- changes in currency exchange rates; and
- macroeconomic policies of the PRC government.

In some cases, forward-looking statements can be identified by such terminology as "may", "will", "should", "could", "would", "expect", "intend", "plan", "anticipate", "going forward", "ought to", "seek", "project", "forecast", "believe", "estimate", "predict", "potential" or "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of the Issuer or the Guarantors with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance, some of which may not materialise or may change. Although the Issuer and the Guarantors believe that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that those expectations will prove to be correct, and potential investors are cautioned not to place undue reliance on such statements. The Issuer and the Guarantors undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer's, the Guarantors', the Group's and Dongxing Securities' actual results could differ materially from those anticipated in these forward-looking statements.

All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set forth in this section.

These forward-looking statements speak only at the date of this Offering Circular. The Issuer and the Guarantors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

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SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read the entire Offering Circular, including the section entitled "Risk Factors" and the financial statements of DXHK and the consolidated financial statements of COAMI and Dongxing Securities and related notes thereto, before making an investment decision.

The Issuer

The Issuer was incorporated as a company with limited liability on 28 July 2016, under the laws of the British Virgin Islands. The registered office of the Issuer is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The Issuer is authorised to issue a maximum of 50,000 shares of a single class with US$1.00 par value per share. The Issuer has issued one share of par value of US$1.00 to DXHK.

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than those incidental to the issue and offering of the Bonds.

See "Description of the Issuer".

DXHK

DXHK is a direct wholly-owned subsidiary of Dongxing Securities. DXHK is a company incorporated in Hong Kong on 17 July 2015 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), and commenced its business on 28 February 2016. As of the date of this Offering Circular, DXHK has 300,000,000 shares in issue. DXHK's registered office is at 6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

DXHK is the primary overseas platform for Dongxing Securities. The key businesses of DXHK are securities brokerage, investment banking, asset management, securities research and lending.

See "Description of DXHK".

Dongxing Securities

Dongxing Securities, the controlling shareholder of DXHK, was established in 2008 with the approval of the MOF and China Securities Regulatory Commission (the "CSRC"). The ordinary shares of Dongxing Securities were listed on the Shanghai Stock Exchange on 26 February 2015 (SSE stock code: 601198). As at the date of this Offering Circular, Dongxing Securities owns 100% equity interests in DXHK. Dongxing Securities is a subsidiary of China Orient Asset Management Corporation (中國東方資產管理公司) ("COAM"), which is wholly owned by the MOF and is one of the leading asset management companies in the PRC, offering a broad range of financial services and products.

Dongxing Securities primarily engages in securities related businesses in the PRC, including securities brokerage, investment banking, asset management, proprietary investment, futures, alternative investment, credit business and securities research. As at 30 June 2016, the operation network of Dongxing Securities consisted of four branches located in Shanghai, Fuzhou, Shenzhen and Urumqi, and 71 outlets across over 21 provinces. As at 30 June 2016, 37 out of the 71 outlets of Dongxing Securities were located in Fujian province, which is an economically developed region in the PRC with a large population of affluent and high-net-worth individuals and private enterprises.

See "Description of Dongxing Securities".

COAMI

COAMI is an indirect, wholly-owned subsidiary of COAM. It is a company incorporated in Hong Kong on 7 August 2002 under the Companies Ordinance (company number: 809353), and, after restructuring and a change in name, commenced business operations in June 2011.

COAMI is the primary overseas platform of COAM and its subsidiaries (together, the "COAM Group"). It plays a key role in the COAM Group's strategy of becoming an international financial services provider by leading the COAM Group's overseas business development. Strategically located in Hong Kong, COAMI takes advantage of the access to both the onshore and offshore markets and the transferability of the Renminbi and Hong Kong dollar and serves as a linkage between the COAM Group's onshore business and offshore funding and investment opportunities.

In addition to being a guarantor to the Bonds, COAMI is a guarantor of the 2013 USD Bonds, the 2014 CNY Bonds and the KW Notes issued under the Programme.

See "Description of COAMI".

THE ISSUE

The following summary sets forth certain basic information concerning the Bonds and the Guarantees and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see the section entitled "Terms and Conditions of the Bonds" of this Offering Circular.

Issuer	Dongxing Voyage Company Limited (東興啟航有限公司).
Guarantors	Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司) and China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司).
Bonds	US$300,000,000 2.25 per cent. Guaranteed Bonds due 2019.
Guarantees	The Guarantors have jointly and severally unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds.
Issue Price	99.646 per cent.
Form and Denomination	The Bonds shall be issued in registered form in the denomination of US$200,000 each and in integral multiples of US$1,000 in excess thereof.
Interest	The Bonds will bear interest from and including 27 September 2016 at the rate of 2.25 per cent. per annum, payable semi-annually in arrear on 27 March and 27 September in each year, commencing 27 March 2017.
Issue Date	27 September 2016.
Maturity Date	27 September 2019.
Status	The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Bonds, as applicable) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. The obligations of each Guarantor under the Guarantees shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.
Cross-acceleration	The Bonds will contain a cross-acceleration provision as further described in Condition 9(c) of the Terms and Conditions of the Bonds.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 of "Terms and Conditions of the Bonds".
Redemption for Taxation Reasons	The Issuer may redeem all, but not part, of the Bonds at their principal amount, together with interest accrued to the date fixed for redemption, in the event of certain changes affecting the taxes of any Relevant Jurisdiction, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Change of Control Put Date at 101 per cent. of their principal amount, together with interest accrued but unpaid to the Change of Control Put Date.
Redemption at the Option of the Issuer	The Issuer may at its option at any time redeem the Bonds, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the date fixed for redemption, as further described in Condition 6(d) of the Terms and Conditions of the Bonds.
Withholding Taxes	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantors in respect of the Bonds or the Guarantees shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdictions, unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantors, as the case may be, shall, subject to certain exceptions, pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, as further described in Condition 8 of the Terms and Conditions of the Bonds.
Clearing Systems	The Bonds will initially be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

	149262989 (Common Code) and XS1492629891 (ISIN number).
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, issue price and amount of the first payment of interest on them and, to the extent necessary, certain transfer restrictions as a result of applicable securities law) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue, as further described in Condition 15 of the Terms and Conditions of the Bonds.
Governing Law and jurisdiction	English law and the exclusive jurisdiction of Hong Kong courts.
Trustee	DB Trustees (Hong Kong) Limited.
Principal Paying Agent, Transfer Agent and Registrar	Deutsche Bank AG, Hong Kong Branch.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST.
Rating	The Bonds are expected to be rated "A-" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.
Use of Proceeds	See "Use of Proceeds".

SELECTED FINANCIAL INFORMATION OF DXHK

The summary financial information of DXHK as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 as set out below is derived from DXHK's audited financial statements as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015, which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and are included elsewhere in this Offering Circular.

Such summary financial information should be read in conjunction with DXHK's audited financial statements as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

DXHK's audited financial statements as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 were prepared and presented in accordance with HKFRS issued by the HKICPA.

Statement of Profit or Loss and Other Comprehensive Income

	For the Period from 17 July 2015 (date of incorporation) to 31 December 2015
	(HK$) (audited)
Operating lease rental in respect of office	(2,227,000)
Staff cost	(2,083,335)
Recruitment cost	(773,721)
Other expenses	(455,243)
Loss before taxation	(5,539,299)
Taxation	—
Loss and total comprehensive expense for the period	(5,539,299)

Statement of Financial Position

	As at 31 December 2015
	(HK$) (audited)
Non-current assets	
Property and equipment	5,638,165
Deposits	4,976,863
	10,615,028
Current assets	
Amount due from immediate holding company	10,000
Amount due from a fellow subsidiary	705,000
	715,000
Current liabilities	
Accruals	870,570
Amount due to a fellow subsidiary	15,988,757
	16,859,327
Net current liabilities	(16,144,327)
	(5,529,299)
Deficit	
Share capital	10,000
Accumulated loss	(5,539,299)
	(5,529,299)

SELECTED FINANCIAL INFORMATION OF COAMI

The consolidated financial information of COAMI as at and for the years ended 31 December 2014 and 2015 as set out below is derived from COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015. COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and are included elsewhere in this Offering Circular. Comparative numbers as at and for the year ended 31 December 2014 included in the consolidated financial statements of COAMI as at and for the year ended 31 December 2015 were audited by PricewaterhouseCoopers, the prior auditor of COAMI.

Such summary consolidated financial information should be read in conjunction with COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015 and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015 were prepared and presented in accordance with HKFRS issued by the HKICPA.

Consolidated Balance Sheet

	As at 31 December	
	2014	**2015**
	(HK$) **(audited)**	**(HK$)** **(audited)**
NON-CURRENT ASSETS		
Property, plant and equipment	7,290,501	6,575,179
Investment properties	—	2,924,706,354
Deferred tax assets	227,003,718	408,495,346
Other assets	150,000	150,000
Interests in associates	2,642,796,539	2,925,145,803
Interests in joint ventures	2,977,117,686	2,552,574,049
Available-for-sale investments	6,470,779,688	3,696,008,776
Loan and other receivables	10,563,925,085	3,076,275,241
	22,889,063,217	15,589,930,748
CURRENT ASSETS		
Financial assets at fair value through profit or loss	6,632,111,182	15,456,958,455
Loan and other receivables	13,585,357,900	12,965,591,852
Bank deposits with original maturity over three months	3,187,263,939	—
Bank balances and cash	5,680,284,369	4,155,202,292
	29,085,017,390	32,577,752,599
Assets classified as held for sale	—	20,680,115,000
	29,085,017,390	53,257,867,599
Total assets	**51,974,080,607**	**68,847,798,347**
CURRENT LIABILITIES		
Derivative financial liabilities	—	7,719,560
Other payables	10,046,835,776	9,620,202,247
Non-controlling interests (being classified as financial liabilities)	698,759,851	716,616,801
Borrowings	15,783,290,873	9,756,446,757
Tax payable	466,724,583	805,887,563
	26,995,611,083	20,906,872,928
Liabilities associated with assets classified as held for sale	—	14,510,998,021

	As at 31 December	
	2014	**2015**
	(HK$)	**(HK$)**
	(audited)	**(audited)**
	26,995,611,083	35,417,870,949
NET CURRENT ASSETS	**2,089,406,307**	**17,839,996,650**
TOTAL ASSETS LESS CURRENT LIABILITIES	**24,978,469,524**	**33,429,927,398**
NON-CURRENT LIABILITIES		
Borrowings	—	458,446,875
Bond and notes payables	19,177,287,403	21,976,802,755
Other payables	—	1,385,199,075
Non-controlling interests (being classified as financial liabilities)	—	1,556,332,286
	19,177,287,403	25,376,780,991
NET ASSETS	**5,801,182,121**	**8,053,146,407**
CAPITAL AND RESERVES		
Share capital	2	2
Reserves	5,782,468,557	5,554,472,619
Equity attributable to owners of the Company	5,782,468,559	5,554,472,621
Perpetual capital securities	—	366,166,239
Non-controlling interests	18,713,562	2,132,507,547
Total equity	**5,801,182,121**	**8,053,146,407**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December	
	2014	2015
	(HK$) (audited)	(HK$) (audited)
Revenue	3,132,177,939	2,840,980,135
Cost of services	(1,836,770,197)	(2,018,750,217)
	1,295,407,742	822,229,918
Other income	406,599,613	419,396,817
Administrative expenses	(356,465,883)	(340,303,156)
Other gains and losses	1,061,353,729	65,848,511
Share of results of associates and joint ventures	110,457,633	111,705,869
Profit before taxation	2,517,352,834	1,078,877,959
Taxation	(292,810,943)	(344,882,920)
Profit after taxation	2,224,541,891	733,995,039
Share of (profits) losses by non-controlling interests (being classified as financial liabilities)	(46,370,577)	36,695,965
Profit for the year from discontinued operation	—	1,396,787,225
Profit for the year	2,178,171,314	2,167,478,229
Profit attributable to:		
Owners of the Company	2,172,922,732	1,786,008,482
Non-controlling interests (being classified as equity)	5,248,582	381,469,747
	2,178,171,314	2,167,478,229
Profit for the year	2,178,171,314	2,167,478,229
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(28,971,068)	(750,563,564)
Net gain (loss) arising on fair value changes of available-for-sale investments	710,651,014	(898,547,388)
Reclassification adjustment - transfer to profit or loss on impairment of available-for-sale investments	133,101,779	88,060,892
Share of other comprehensive income of associates and joint ventures	75,960,083	33,980,000
Other comprehensive income (expense) for the year, net of tax	890,741,808	(1,527,070,060)
Total comprehensive income for the year	3,068,913,122	640,408,169
Total comprehensive income attributable to:		
Owners of the Company	3,060,530,021	636,004,062
Non-controlling interests (being classified as equity)	8,383,101	4,404,107
	3,068,913,122	640,408,169

SELECTED FINANCIAL INFORMATION OF DONGXING SECURITIES

This Offering Circular includes business and financial information in connection with Dongxing Securities. Investors should be cautioned that Dongxing Securities, as the direct shareholder of DXHK and the indirect Shareholder of the Issuer, shall not provide guarantee or any other form of credit support or enhancement for the Bonds. Such information is included for reference only for investors to understand the corporate relationship between Dongxing Securities, DXHK and the Issuer.

The summary consolidated financial information of Dongxing Securities as at and for the years ended 31 December 2013, 2014 and 2015 as set out below is derived from the audited consolidated financial statements of Dongxing Securities as at and for the years ended 31 December 2014 and 2015, which have been audited by Ruihua, and are included elsewhere in this Offering Circular.

Such summary consolidated financial information should be read in conjunction with the audited consolidated financial statements of Dongxing Securities as at and for the year ended 31 December 2014 and 2015 and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

The audited consolidated financial statements of Dongxing Securities as at and for the year ended 31 December 2014 and 2015 were prepared and presented in accordance with PRC GAAP issued by the MOF.

The audited consolidated financial statements of Dongxing Securities as at and for the years ended 31 December 2014 and 2015 have only been prepared in Chinese, and an English translation of such consolidated financial statements has been prepared by Ruihua and included in this Offering Circular for reference only. Should there be any inconsistency between the consolidated financial statements of Dongxing Securities in Chinese and the English translation of such consolidated financial statements, the consolidated financial statements of Dongxing Securities in Chinese shall prevail. The English translation of the consolidated financial statements of Dongxing Securities does not itself constitute audited or reviewed financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in, the consolidated financial statements of Dongxing Securities in Chinese. None of the Issuer, the Guarantors and the Joint Lead Managers nor their respective affiliates, directors, officers, employees, agents and advisers have independently verified or checked the accuracy of the English translation of the consolidated financial statements of Dongxing Securities and can give no assurance that the information contained in such English translation is accurate or complete.

Consolidated Statement of Profit or Loss

	For the year ended 31 December		
	2013	2014	2015
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)
Operating revenue	**2,033,866,487.14**	**2,597,774,148.38**	**5,356,995,628.95**
Net fee and commission income	1,079,487,825.94	1,475,243,981.33	3,662,621,336.48
Including: Net fee income from brokerage	777,304,336.12	1,042,998,796.54	2,440,866,581.99
Net fee income from investment banking	188,821,865.75	227,872,892.35	701,344,779.80
Net fee income from asset management	109,983,461.05	187,212,315.00	496,835,142.40
Net interest income	(122,489,201.06)	(94,652,229.37)	(319,399,231.37)
Investment income/(losses)	1,093,655,443.17	1,219,446,101.18	1,897,024,328.94
Including: Investment income from associates and joint ventures	5,661.22	—	—
Gains/(loss) from changes in fair value	(17,781,114.94)	(3,541,504.57)	113,993,508.10
Foreign exchange gains/(losses)	(240,552.86)	33,475.76	444,678.08
Other operating income	1,234,086.89	1,244,324.05	2,311,008.72
Operating expenses	**1,242,207,411.64**	**1,331,051,973.45**	**2,828,248,644.97**
Business tax and surcharges	127,452,456.39	156,606,366.48	350,380,765.52
General and administrative expenses	1,084,685,326.23	1,122,412,792.88	2,276,801,361.54
Impairment losses	30,069,629.02	52,032,814.09	201,066,517.91
Operating profit/(loss)	**791,659,075.50**	**1,266,722,174.93**	**2,528,746,983.98**
Add: Non-operating income	34,121,516.66	54,964,535.17	4,007,441.67
Less: Non-operating expenses	1,211,284.24	2,016,532.20	4,337,057.54
Profit/(Loss) before tax	**824,569,307.92**	**1,319,670,177.90**	**2,528,417,368.11**
Less: Income tax expense	156,075,315.53	279,072,461.66	484,484,032.95
Net Profit/(Loss)	**668,493,992.39**	**1,040,597,716.24**	**2,043,933,335.16**
Attributable to: owners of the parent	668,493,992.39	1,040,597,699.34	2,043,932,918.40
Non-controlling interests	—	16.90	416.76
Other comprehensive income, net of tax	**15,115,035.58**	**341,888,250.83**	**32,907,024.60**
Attributable to the owners of the company:	**15,115,035.58**	**341,888,250.83**	**32,863,301.03**
(1) Items that may not be reclassified subsequently to profit or loss	—	—	—
(2) Items that may be reclassified subsequently to profit or loss	15,115,035.58	341,888,250.83	32,863,301.03
1. Gains or losses arising from changes in the fair value of available-for-sale financial assets	15,115,035.58	341,888,250.83	32,863,301.03
Attributable to non-controlling interests	**—**	**—**	**43,723.57**
Total comprehensive income	**683,609,027.97**	**1,382,485,967.07**	**2,076,840,359.76**
Attributable to owners of the parent	**683,609,027.97**	**1,382,485,950.17**	**2,076,796,219.43**
Attributable to non-controlling interests	**—**	**16.90**	**44,140.33**
Earnings per share			
(1) Basic earnings per share	0.334	0.519	0.84
(2) Diluted earnings per share	0.334	0.519	0.84

Consolidated Statement of Financial Position

	As at 31 December		
	2013	2014	2015
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)
Assets:			
Cash and bank balances	4,798,844,673.87	10,442,052,523.10	12,724,500,121.39
Including: cash held on behalf of customers	4,022,527,655.52	7,340,316,522.16	10,594,359,691.46
Clearing settlement funds	937,451,920.94	3,921,387,251.22	5,922,863,756.41
Including: deposits held on behalf of customers	891,847,163.43	3,350,612,909.21	5,122,715,033.62
Margin accounts	2,936,648,692.59	9,150,532,442.14	12,948,827,474.95
Financial assets measured at fair value through profit or loss	955,472,558.11	1,190,329,175.91	7,959,656,364.46
Derivative financial assets	—	—	886,839.00
Financial assets held under resale agreements	1,640,425,104.20	3,401,252,304.87	6,386,896,155.46
Accounts receivable	34,912,776.32	44,789,632.19	95,218,710.68
Interests receivable	113,255,562.85	202,723,070.68	450,529,125.85
Refundable deposits	427,025,452.90	1,017,329,540.19	725,335,027.14
Available-for-sale financial assets	9,390,968,824.35	12,740,365,358.83	25,217,486,026.33
Long-term equity investments	495,661.22	—	—
Fixed assets	254,763,524.43	248,641,758.38	244,857,952.17
Intangible assets	13,912,454.04	21,818,138.95	24,393,722.16
Goodwill	20,000,000.00	20,000,000.00	20,000,000.00
Deferred tax assets	139,497,998.00	193,302,293.97	448,918,715.92
Other assets	12,107,914.90	12,625,179.99	10,865,583.37
Total assets	**21,675,783,118.72**	**42,607,148,670.42**	**73,181,235,575.29**
Liabilities:			
Short-term borrowing	5,130,000,000.00	5,030,000,000.00	4,017,722,034.00
Short-term financing payables	1,020,000,000.00	1,000,000,000.00	2,930,000,000.00
Due to banks and other financial institutions	346,000,000.00	2,437,000,000.00	1,350,000,000.00
Derivative financial liabilities	—	—	2,177,885.93
Financial assets sold under repurchase agreements	2,432,089,047.70	10,347,391,368.92	15,750,389,225.53
Acting trading securities	5,131,917,836.62	10,823,434,987.03	16,020,750,112.86
Funds payable to securities issuers	150,000,000.00	—	—
Employee benefits	519,811,811.53	684,266,219.99	1,327,626,829.61
Tax payable	81,261,864.67	135,944,490.53	204,387,821.22
Accounts payable	92,711,573.04	533,141,094.63	291,387,752.99
Interests payable	25,326,782.95	121,308,998.91	627,378,929.85
Provision	—	—	15,302,716.00
Bond payable	660,000,000.00	2,000,000,000.00	12,200,000,000.00
Deferred tax liabilities	27,695,083.34	146,485,186.99	142,122,641.04
Other liabilities	6,366,431.93	1,912,863,269.41	4,716,706,212.49
Total liabilities	**15,623,180,431.78**	**35,171,835,616.41**	**59,595,952,161.52**
Equity			
Paid-in-capital	2,004,000,000.00	2,004,000,000.00	2,504,000,000.00
Capital reserve	1,324,750,000.00	1,324,750,000.00	5,298,520,000.00
Other comprehensive income	82,009,084.19	423,897,335.02	456,760,636.05
Surplus reserve	300,059,126.01	394,995,164.76	739,148,079.47
General risk reserve	600,118,252.02	789,990,329.52	1,271,958,392.98
Profit distribution	1,741,666,224.72	2,497,455,807.81	3,314,627,748.04
Total equity attributable to owners of the parent	6,052,602,686.94	7,435,088,637.11	13,585,014,856.54
Non-controlling interests	—	224,416.90	268,557.23
Total equity	**6,052,602,686.94**	**7,435,313,054.01**	**13,585,283,413.77**
Total liabilities and equity	**21,675,783,118.72**	**42,607,148,670.42**	**73,181,235,575.29**

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks that could affect the Group and the value of the Bonds. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations and prospects of the Group. The market price of the Bonds could decline due to any of these risks, and investors may lose part or all of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular. The Group is affected materially by requirements and restrictions that arise under PRC laws, regulations and government policies in nearly all aspects of its business in the PRC.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business is subject to market fluctuations, general economic conditions and countermeasures taken by the governments or regulatory authorities.

The Group's business is inherently subject to market fluctuations and general economic conditions. As China's capital markets continue to develop, market conditions may experience sudden and dramatic changes. Unfavourable financial or economic conditions, such as those caused by the global financial and economic crisis, including the sovereign-debt crisis in European Union, have adversely affected investor confidence and global financial markets and may continue in the future. Furthermore, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, unemployment, consumer confidence, declining asset values, capital market volatility and liquidity issues have created difficult operating conditions in the past and may continue in the future.

Unfavourable financial or economic conditions or market volatility could adversely affect all business lines in which the Group operates. For example, it could adversely affect investor confidence, resulting in a decline in securities trading volume and other corporate finance activities, which in turn could reduce commission and fee income from the Group's securities brokerage businesses and investment banking businesses. It could also reduce the value of the Group's trading and investment positions and increase the default risk of clients in its lending business.

During periods of adverse economic or market conditions, the Group may experience a decline in the value of its asset management or investment portfolio, which may, in turn, adversely affect its liquidity, financing ability, financial condition and results of operations. Worsening condition may also reduce the demands for the Group's products and services and their respective prices, and consequently, impact the Group's ability to optimise its capital investment and to attract new investment. Any of these situations could have a material adverse effect on the Group's results of operations.

The Group faces intense competition and its businesses could be materially and adversely affected if it is unable to compete effectively.

The Group operates in highly competitive markets, in particular the securities markets of Hong Kong. It competes in these markets on the basis of a number of factors, including prices, products and services, innovation, execution capability, reputation, experience and knowledge of team, employee compensation and geographic coverage.

The Group competes primarily with large securities firms in Hong Kong. It also faces increasing competition from small securities firms, especially in the securities brokerage businesses. In addition, it competes with commercial banks, insurance companies, fund managers and private equity firms in areas such as asset management. The Group also faces competition from foreign financial institutions, many of which are larger than it in terms of asset size and client base. Some of these institutions have greater financial resources, more specialised capabilities or more extensive distribution capabilities than the Group. The Group will face greater competition from foreign competitors if they expand their international operations.

In recent years, there has been intense price competition in the industries in which the Group operates. Increasingly intense competition in securities brokerage industry has resulted in downward pressure on brokerage commissions. The rapid development of Internet finance has further increased competition in the markets for the Group's businesses and products, which could result in a loss of clients or a decrease in the assets its clients invest in or trade through the Group. The Group's investment banking and asset management businesses have also been subject to price pressure from its competitors. The Group believes that it will continue to experience competition in these and other areas as its competitors seek to gain market share through reducing prices.

There is no assurance that the Group can compete effectively with its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical or impossible.

The Group's securities brokerage business is subject to various risks and there can be no assurance that its brokerage commission and fee income will be sustained.

The Group's securities operations are affected by external factors such as general economic conditions, macroeconomic and monetary policies, market conditions and fluctuations in interest rates, all of which are beyond the Group's control. Unfavourable market conditions may adversely affect the number of customers and their willingness to trade, the Group's ability to find suitable company to invest in, and the Group's securities trading volume, all of which, in turn, may reduce its brokerage commission and fee income. Market competition is another key factor affecting the Group's securities brokerage business. The Group monitors its product pricing in relation to competitors and adjusts its fee structures to enhance competitiveness. With the rapid development of PRC securities firms in Hong Kong, the competition may increase and the Group might not be able to further lower its brokerage commission rates in order to stay competitive. Therefore, there can be no assurance that the Group's brokerage commission and fee income will maintain its growth.

The Group's investment banking business is subject to various risks in the underwriting and sponsorship of securities and there can be no assurance that its underwriting and sponsor's fees can be sustained.

The income of the Group's investment banking business is mainly derived from underwriting commissions and sponsor fees for the underwriting and sponsorship of securities such as equity securities listed on the Hong Kong Stock Exchange, derivatives and debt securities. The primary offering of securities in Hong Kong, especially an initial public offering ("IPO"), is subject to a merit-based review and approval of various regulatory authorities. The results and timing of the review are beyond the Group's control and may cause substantial delays to or the termination of securities offerings underwritten and sponsored by the Group. There can be no assurance that such approvals will be granted in a timely manner or at all in the future. A significant decline in the approval rate of the securities offerings the Group sponsors could harm the Group's reputation, erode clients' confidence and reduce its underwriting and sponsor's fee income, because the Group receives most of its fees only after the successful completion of a securities offering.

Furthermore, adverse market conditions and capital market volatility may cause delays to, termination of or under-subscription of securities offerings underwritten and sponsored by the Group. If the Group underwrites securities offerings on a firm commitment basis, it would be required to purchase some or all of the unsubscribed portion, which would adversely affect its liquidity. If the Group sells the securities on its account to investors below the offer price at which such securities were purchased, it will incur losses on the sales of those securities.

Intensified price competition in the securities underwriting business may force the Group to charge a lower underwriting fee rate to stay competitive. Moreover, when acting as a sponsor in the underwriting of securities, the Group may be subject to regulatory sanctions, fines, penalties or other disciplinary actions in Hong Kong for conducting inadequate due diligence.

The Group's investment business is subject to market volatility and its investment decisions.

The Group makes fixed income investments, equity investments and secondary market investments, all of which are subject to market volatility. Therefore, the results of its securities trading activities generally correlate with the performance of the relevant securities markets. The performance of the Group's investment business is also determined by its investment decisions and judgments based on its assessment of existing and future market conditions. The Group closely monitors the market value and financial performance of its investment portfolio, and actively adjusts such portfolio and allocates assets based on market conditions and internal risk management guidelines. However, the Group's investment decisions are a matter of judgment, which involves management discretion and assumptions. Its decision-making process may fail to effectively minimise losses, capture gains, or conform to actual changes in market conditions.

A significant decline in the size of the assets under management or poor management performance may materially and adversely affect the Group's asset management business.

The Group receives asset management fees based on the value of its customer portfolios or investments in funds managed by it. Investment performance affects the size of assets under the Group's management, and is one of the most important factors in retaining clients and competing for new business. Market volatility and limitations in investment options and hedging strategies in the PRC could limit the Group's ability to provide stable returns for the portfolios under management and cause it to lose clients. Further market volatility, adverse economic conditions, or the failure to out-perform competitors or the market may reduce the size of the assets under the Group's management or affect the performance of the funds or trusts it manages. Upon occurrence of any of the above circumstances, existing clients might withdraw their investments from the Group in favour of better-performing products provided by competitors; clients may request that the Group lower its fees for asset management services, particularly in an intensely competitive industry; the Group's incentive fees, which are based on a percentage of investment returns, could decline; and firms with which the Group has strategic alliances may terminate their relationships with the Group, and future strategic alliances may be unavailable. In addition, the Group may not be able to maintain or increase the size of assets under management.

The Group's acquisition of NPAs involves judgments and estimates and other factors beyond its control.

The Group acquired NPAs from various financial institutions in China, covering different industry sectors and geographic regions. A substantial part of NPAs it acquired does not have effective or sufficient collateral. The Group determines its bidding prices primarily by taking various factors into account, including (i) the quality of the relevant asset portfolio as described in the due diligence reports prepared by its in-house experts and/or qualified independent third-party valuers, (ii) estimated costs associated with managing and disposal of such assets and (iii) prevailing market conditions and intensity of competition, all of which involves significant judgments and estimates.

There is no assurance that the Group's estimated costs would be sufficient to cover the actual costs or it could accurately predict future market conditions. For instance, any deterioration in economic conditions in the PRC or overseas may materially and adversely affect the value of the NPAs acquired by the Group.

The Group may not recover any value from the NPAs and the provision may not be sufficient.

The Group generally records the NPAs at fair value. The Group generally records profits when the amount of the proceeds it received from disposal of NPAs exceeds the recorded fair value or purchasing costs of such assets. Recoverability of NPAs depends on various factors, many of which are beyond the Group's control, such as the economic conditions in the PRC and in the world, the prevailing market conditions and changes in the relevant PRC laws and regulations. Therefore, the actual recovered value of the NPAs could be significantly lower than expected. The occurrence of the above mentioned factors could cause the quality of the Group's NPA portfolio to decline or make it hard for the Group to recover the fair value or purchasing cost of the relevant NPAs. In addition, the Group, from time to time, has to recover value of some of its NPAs through litigation or arbitration. However, there is no assurance that the Group could achieve the outcome as it expected. The Group makes provisions in connection with its NPAs and trade receivables as required by relevant laws and regulations. There is no assurance that the provision the Group makes for its impaired assets will be accurate or sufficient to cover the relevant losses.

The Group faces risks associated with its business expansion.

The Group is committed to providing new products and services to enhance its business competitiveness. It will continue to expand the financial products and services it offers according to the relevant regulations, develop new customers and enter into new markets. These activities expose the Group to new and potentially increasingly challenging risks, including, but not limited to: (i) insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers; (ii) greater regulatory scrutiny, increased credit risks, market risks and operational risks including the impact on the Group's capital as a result of stricter new regulatory policies on capital adequacy ratios; (iii) potential impact on the investment return of the Group's financial services such as securities due to the overall economic conditions; (iv) reputational concerns arising from dealing with less sophisticated counterparties and customers; (v) inadequate levels of service for its new products and services; (vi) failure to hire additional qualified personnel to support the offering of a broader range of products and services; (vii) unwillingness to accept the new products and services by the Group's customers or failure to meet its profitability expectations; (viii) failure to obtain sufficient financing from internal and external sources to support its business expansion; and (ix) unsuccessful enhancement of its risk management capabilities and IT systems to identify and mitigate all the risks associated with these new products and services, new customers and new markets. If the Group is unable to achieve the intended commercial results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The financial products that the Group distributes may involve high-risk investments, and its failure to identify, appreciate or disclose such risks could negatively affect its reputation, client relationships, results of operations and business prospects.

The Group distributes a broad variety of financial products developed internally or by third parties. These products may have complex structures and involve various risks, including credit risks, market risks and liquidity risks. The Group's ability to distribute these products depends, in part, on its successful identification and appreciation of the risks associated with such products. It is required to ensure that financial products sold to clients match their financial sophistication and risk-return profile. The Group's risk management policies and procedures might not effectively mitigate its clients' risk exposure in all market environments. If the Group fails to identify and appreciate the risks associated with the financial products it distributes to clients, or sell unsuitable products to its clients, and as a result its clients suffer financial loss or other damages, the Group could be subject to lawsuits brought by clients or regulatory actions. Such lawsuits or regulatory actions could damage the Group's reputation and client relationships, and may adversely affect its results of operations and financial condition.

Holding large and concentrated positions may expose the Group to losses.

The Group commits substantial amounts of capital to some of its business such as its asset management and investment businesses. This exposes it to concentration risks, including market and credit risks, arising from holding particular assets or asset classes in its investment portfolio. Any significant decline in the value of such assets may reduce the Group's revenue or otherwise adversely affect its results of operations and financial condition.

The Group's business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, its clients and counterparties.

The Group's clients and counterparties may default on their obligations to the Group as a result of bankruptcy, lack of liquidity, operational failure or other reasons. The Group's credit risk exposure arises from a variety of business activities. Although the Group regularly evaluates its credit exposure to specific clients, counterparties and industries, default risks could arise from events or circumstances beyond its ability to detect or foresee. The Group may also fail to receive all information regarding the trading risks of its clients and counterparties. Furthermore, credit problems at or a default by one institution could lead to liquidity issues, losses or defaults at other institutions, which in turn could adversely affect the Group's results of operations and financial condition.

There can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the Group.

The Group conducts extensive business, financial and legal due diligence in connection with its operations, in particular, for potential acquisition and investment opportunities. However, there can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the acquisition or investment targets. As a result, the Group may fail to identify the existing risks in relation to the business and operations of investment targets through its due diligence. To the extent that any of the above mentioned issues arise, the business and operations of the investment target could be adversely affected, which in turn could have material and adverse effects on the Group's financial condition and results of operations.

The Group is subject to the risks associated with overseas expansion.

The Group has expanded and expects to continue to expand its operations beyond China. As it expands, the Group has entered, and plan to continue to explore, markets where it has limited or no experience. The lack of experience in such markets could adversely affect its ability to attract clients. Additionally, it may fail to adequately address competitive conditions in new markets that differ from those in its existing markets. Overseas expansion also exposes the Group to the risks inherent in conducting business internationally, including:

- economic instability and recession;
- political instability;
- obligations to comply with laws and regulatory requirements;
- inability to enforce contractual or legal rights;

- adverse tax consequences;
- fluctuations in currency exchange rates;
- changes in tariffs;
- increased risk of exposure to terrorist activities;
- difficulties in recruiting, training and retaining qualified personnel; and
- general difficulties in administering overseas operations.

In particular, despite the Group's efforts to comply with all regulatory requirements, it may fail to do so. Overseas regulators could bring administrative or judicial proceedings against the Group or its employees, representatives, agents and third-party service providers, which could adversely affect the Group's results of operations and financial condition.

Significant interest rate fluctuations could affect the Group's financial condition and results of operations.

The Group's exposure to interest rate risk is primarily associated with its interest income, interest expenses and fixed income securities. The Group earns interest income from margin lending, loans and bank deposits. Interest income from these sources is generally linked to the prevailing market interest rates. During periods of declining interest rates, the Group's interest income would generally decrease.

The Group generally makes interest payments on short-term borrowings and debt securities. These interest expenses are typically linked to the prevailing market interest rates as well. During periods of rising interest rates, its interest expenses and financing costs would increase. Significant interest rate fluctuations could reduce the Group's interest income or returns on fixed income investments, or increase its interest expenses.

The Group's business may be adversely impacted if it is unable to retain or hire key senior managers and employees.

The Group's business depends heavily on the services of key senior managers and employees. If it loses any key senior manager or employee, the Group may not be able to secure a suitable or qualified replacement, which could disrupt its business and growth. In addition, if any of its key senior managers resigns and joins one of its competitors, the Group's ability to compete in its current markets could be adversely affected.

Furthermore, the Group's ability to effectively compete in its current markets and expand into new businesses is often dependent on recruiting talented employees. Competition for talented employees in the financial services industry is intense and the availability of suitable and qualified candidates is limited. This is particularly true when entering new markets where the Group competes for talent with entities that have a significantly greater local presence than the Group does. It may need to pay higher compensation to attract and retain experienced personnel to achieve its business objectives, and its failure to attract and retain such personnel could severely disrupt its business and slow its growth.

The Group is subject to extensive and evolving regulatory requirements, the non-compliance of which, or changes in which, may materially and adversely affect the Group's financial condition, results of operations and prospects.

The Group is subject to extensive laws, policy and regulatory requirements issued by the relevant governmental authorities in China and overseas (including Hong Kong). In particular, the Group's securities business is subject to the supervision of the Securities and Futures Commission of Hong Kong and is required to comply with the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) and the rules of the Hong Kong Stock Exchange.

The regulatory authorities in the jurisdictions where the Group operates, mainly China and Hong Kong, conduct periodic inspections, examinations and inquiries with respect to its compliance with relevant regulatory requirements. Non-compliance with relevant laws and regulations or failure to obtain the relevant approvals could subject the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities, which may further limit its ability to conduct pilot programs and launch new products and services and harm its reputation.

Furthermore, relevant government authorities may adopt new laws and regulations, amend the interpretation or enforcement of existing laws and regulations, or promulgate stricter laws and regulations, all of which may materially and adversely affect the Group's financial condition, results of operations and prospects. In addition, changes in the rules and regulations could result in limitations on the business lines that the Group may conduct, modifications to its business practices or additional costs, which may adversely affect its ability to compete effectively with other institutions that are not affected in the same way.

The Group's risk management policies, procedures and internal control systems may not fully protect it against all the risks it is exposed to.

The Group has established risk management policies and internal control systems and procedures to manage risk exposure. Certain aspects of such policies, systems and procedures may require constant monitoring, maintenance and improvement by its senior management and staff. Despite its efforts to implement risk management policies and internal control systems, it may not be fully protected from the occurrence of non-compliance incidents. Its businesses and prospects could be adversely affected if its efforts to maintain these policies, systems and procedures prove ineffective or inadequate. Deficiencies in its policies, systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner or identify non-compliance with laws and regulations.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and overseas (including Hong Kong). The PRC Anti-money Laundering Law and anti-money laundering laws and regulations of the jurisdictions in which the Group operates require financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish or designate an independent anti-money laundering department, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, some of such policies and procedures have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. There can be no assurance that the Group will not fail to detect money laundering or other illegal or improper activities. Such failure of the Group may affect its business reputation, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. The misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group's business is highly dependent on the proper functioning and improvement of its information technology systems.

The Group's business is highly dependent on the ability of its information technology systems to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various branches and subsidiaries. The proper functioning of the Group's financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting the Group's various branches and outlets and its main data processing centre, is critical to the Group's businesses and to its ability to compete effectively. Although the Group has backup systems that could be used in the event of catastrophe or failure of the primary systems, a partial or complete failure of any of these primary systems or communication networks could adversely affect the decision-making process, the risk management and internal controls of the Group as well as its timely response to changing market conditions. If the Group cannot maintain an effective data collection and management system, the Group's business operations, financial condition and results of operations could be materially and adversely affected.

In addition, the Group must continually make significant investments, upgrades and improvements in its information technology infrastructure in order to remain competitive. The quality and timing of information available to and received by the Group's management through its existing information systems may not be sufficient to manage risks as well as to plan for and respond to changes in market conditions and other developments in the Group's operations. In this regard, the Group may experience difficulties in upgrading, developing and expanding its information technology systems quickly enough to accommodate its growing customer base.

The Group's business might be affected by the operational failure of third parties.

The Group faces the risk of operational failure or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries it uses to facilitate its securities transactions. Any operational failure or termination of the particular financial intermediaries that the Group uses could adversely affect its ability to execute transactions, service its customers and manage its exposure to various risks. In addition, as its interconnectivity with its customers grows, the Group's business also relies heavily on its customers' use of their own systems, such as PCs, mobile devices and websites, and it will increasingly face the risk of operational failure in connection with its customers' systems. The operational failure of third parties may harm its business and reputation.

The Group may be subject to liability and regulatory action if it is unable to protect the personal data and confidential information of its clients.

The Group is subject to various laws, regulations and rules governing the protection of the personal data and confidential information of its clients. It routinely transmits and receives personal data and confidential information of its clients through the Internet, by email and other electronic means. Third parties may have the technology or expertise to breach the security of the Group's transaction data and the Group may not be able to ensure that its vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such information. In addition, there is no assurance that its employees who have access to the personal data and confidential information of its clients will not improperly use such data or information. If the Group fails to protect its clients' personal data and confidential information, the competent authorities may issue sanctions against it, and it may have to provide economic compensation for losses arising from such failure. In addition, incidents of mishandling personal information or failure to protect the confidential information of the Group's clients could bring reputational harm to it, which may materially adversely affect its business and prospects.

The Group may not be able to manage its risks successfully through the use of derivatives, and derivative transactions could expose it to unexpected risks and potential losses.

The Group engages in derivative transactions as part of its investment businesses, and uses derivative instruments such as stock index futures to reduce the impact of price volatility in its investment portfolio and hedge certain market risks. The Group enters into derivative transactions based on business judgement of its management. It may not be able to effectively identify risks or successfully use derivative instruments to reduce its risk exposure. The derivative contracts the Group enters into expose it to unexpected market, credit and operational risks that could cause it to suffer unexpected losses. While a transaction remains unconfirmed or during any delay in settlement, the Group is subject to heightened credit and operational risks and, in the event of default, may find it more difficult to enforce the relevant contracts. In addition, the secondary market for derivatives is volatile, and the Group may be inexperienced in dealing with new products or making appropriate judgments in trading derivative products.

The Group's liquidity and businesses may be adversely affected by limited access to capital markets or ability to sell assets.

Liquidity is essential to the Group's businesses, particularly those businesses that involve investment and money lending. The Group's liquidity may be impaired by limited access to debt and equity markets, an inability to sell assets at market price, or at all, or unforeseen outflows of cash. These situations may arise due to circumstances beyond the Group's control, such as a general market disruption or an operational problem that affects its counterparties, or the perception among market participants that it, or other market participants, are experiencing liquidity issues. Additionally, its ability to sell assets may be constrained if other market participants seek to sell similar assets at the same time, which is likely to occur in a widespread liquidity crunch or market crises. If its access to financing is limited or it is forced to fund its operations at a higher cost, the Group may have to curtail its business activities or increase its costs of funding, both of which could reduce its profitability and adversely affect its results of operations and financial condition.

The Group regularly encounters potential conflicts of interests and its failure to identify and address such conflicts of interest could adversely affect its business.

The Group often encounters potential conflicts of interest where services to one client appear to conflict with its own or other clients' investments or interests. It also faces situations where a business line has access to material non-public information that is not permitted to be shared with its other businesses. A member of the Group may also be a counterparty to an entity with which the Group also has an advisory or other relationship. The Group has designed and implemented procedures and controls to identify and address conflicts of interests, including procedures and controls to prevent the improper sharing of information among its businesses. It also has systems and procedures to detect employee misconduct, as well as training programs designed to foster a culture of compliance and adherence to the highest standards of ethics among its employees. However, identifying and managing conflicts of interests can be complex and difficult, and the Group's reputation could suffer damage if it fails, or appears to fail, to identify, disclose and manage conflicts of interest appropriately. In addition, potential or perceived conflicts of interest could adversely impact clients' willingness to enter into transactions with the Group and can lead to regulatory enforcement actions or litigation.

Litigation and regulatory investigations and the resulting sanctions or penalties may adversely affect the Group's reputation, business, results of operations and financial condition.

The Group is exposed to risks associated with litigations relating to its operations, including the risk of lawsuits and other legal actions relating to information disclosure, financial products design, sales practises, fraud and misconduct, as well as protection of personal and confidential information of customers. The Group may be subject to arbitration claims and lawsuits in the ordinary course of its business. The Group may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies actions brought against it, which may result in settlements, injunctions, fines, penalties or other results adverse to it that could harm its reputation. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant. In addition, the Group may be subject to regulatory actions from time to time. A substantial legal liability or a significant regulatory action could have a material and adverse effect on the Group's operations, reputation and business prospects.

There is no assurance that the number of legal claims and amount of damages sought in litigation and regulatory proceedings may not increase in the future. A significant judgment or regulatory action against the Group or a disruption in its business arising from adverse adjudications in proceedings against its directors, officers or employees would have a material adverse effect on its liquidity, business, financial condition, results of operations and prospects.

Catastrophic events, which are unpredictable by nature, could materially and adversely affect the profitability of the Group.

The Group's businesses expose it to risks arising out of catastrophic events, which are unpredictable by nature. Catastrophes can be caused by various natural hazards, including hurricanes, typhoons, floods, earthquakes, severe weather, fires and explosions. Catastrophes can also be artificially induced, such as terrorist attacks, wars and industrial or engineering accidents. In addition, a health epidemic or pandemic such as severe acute respiratory syndrome (or SARS), the H5N1 or H7N9 strain of bird flu (or avian flu) and the H1N1 strain of influenza A can adversely affect the Group's business. The occurrence of these events may increase the cost of doing business, adversely affect the Group's operations or those of its clients, or result in losses in the Group's investment portfolios, due to, among other things, the failure of its counterparties to perform or significant volatility or disruption in financial markets, all of which may in turn adversely affect the Group's business, financial condition, results of operations and prospects.

The auditors of Dongxing Securities are currently under investigation initiated by relevant PRC authorities.

Ruihua, the independent auditors of Dongxing Securities, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and the CSRC. Ruihua is currently under several investigations initiated by the CSRC (''CSRC Investigations''). According to Ruihua, the on-going CSRC Investigations do not have any impact on the issue and offering of the Bonds. Ruihua is also subject to a public warning notice issued by the National Association of Financial Market Institutional Investors (the ''NAFMII'') on 21 June 2016 for not promptly providing working paper relating to Yunfeng Group as requested by NAFMII. According to the aforementioned warning notice, NAFMII suspended relevant businesses of Ruihua in respect of its services in the PRC Inter-bank Bond Market, including any acceptance of audit or review reports issued by Ruihua on or after 21 June 2016 in relation to any bond issuance in the PRC to be approved by the NAFMII. According to Ruihua, the aforementioned warning notice and suspension do not have any impact on the issue and offering of the Bonds. On 19 August 2016, Ruihua announced that it has provided NAFMII with all requested working paper relating to Yunfeng Group and it will continue to cooperate with NAFMII going forward. During an investigation period, the CSRC may impose sanctions on the investigated accounting firm, its management, officers or employees, refuse to accept applications which include reports or opinions audited by the investigated accounting firm, or jointly with MOF, order that the investigated accounting firm's relevant licenses be revoked, pursuant to which no securities and futures business services may be provided. The CSRC may also re-examine the financial statements audited by an investigated accounting firm and announce such financial statements to be untrue or unreliable. On the other hand, although NAFMII does not have general supervising authority on PRC accounting firms, any further sanctions by NAFMII which will affect their ability to provide services in the PRC Inter-bank Bond Market. Such further sanctions may restrict Ruihua from providing audit services or other services in connection with financing transactions of Dongxing Securities. Prospective investors should consider these factors prior to making any investment decision.

The Group is exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's potential exit from the European Union.

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. The result of the referendum does not legally obligate the United Kingdom to exit the European Union, and it is unclear if or when the United Kingdom will formally serve notice to the European Council of its desire to withdraw, a process that is unprecedented in European Union history and one that could involve months or years of negotiation to draft and approve a withdrawal agreement in accordance with Article 50 of the Treaty on European Union.

Regardless of any eventual timing or terms of the United Kingdom's exit from the European Union, the June referendum has created significant political, social and macroeconomic uncertainty. Certain public figures in other European Union member states have called for referenda in their respective countries on exiting the European Union, raising concerns over a "domino" or "contagion" effect whereby multiple member states seek to exit the European Union and Eurozone, eventually culminating in their collapse as political and economic institutions.

The possible exit of the United Kingdom (or any other country) from the European Union, or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to further decreases in global stock exchange indices and increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies). In addition, there are increasing concerns that these events could push the United Kingdom, Eurozone and/or United States into an economic recession, any of which, were they to occur, would further destabilise the global financial markets and could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

RISKS RELATING TO THE PRC

The PRC's economic, political and social conditions, as well as government policies, could affect the Group's business.

The Group derives substantial revenues from its operations in the PRC. In addition, the Group intends to further expand its business in the PRC. The Group will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region.

The PRC economy differs from the economies of most developed countries in many respects, including:

- the extent of government involvement,
- the level of development,
- the growth rate,
- the economic and political structure,
- the control of foreign exchange,
- the allocation of resources, and
- the regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may have a negative effect on the Group. For example, the Group may be adversely affected by the PRC Government's control over capital investments or any types of margin requirement or any changes in tax or labour regulations or foreign exchange controls that are applicable to it.

Since late 2003, the PRC Government has implemented a number of measures, such as raising bank reserves against deposit rates, to place additional limitations on the ability of commercial banks to make loans and raise interest rates, requesting the minimum capital margin. These actions, as well as future actions and policies of the PRC Government, could materially and adversely affect the Group's liquidity and access to capital and the Group's ability to operate its businesses. A significant portion of the Group's assets is located in the PRC and a significant portion of the Group's revenues is derived from its operations in the PRC. In addition, the Group is subject to various regulatory requirements (including but not limited to maintenance of financial leverage ratio) imposed by the PRC Government. Compliance with such regulatory requirements could result in the Group having to take certain actions or decisions which are not commercially favourable to the Group.

Interpretation and enforcement of the laws in the PRC may involve uncertainties.

Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practises in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainties. The interpretation of PRC laws may be subject to domestic political and policy changes.

It may be difficult to effect service of process upon, or to enforce against, the Group or its senior management members who reside in the PRC in connection with judgments obtained in non-PRC courts.

Most of the Group's assets and subsidiaries are located in China. In addition, most of the Group's directors and senior management reside within China, and the assets of the directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

Future fluctuations in the value of the Renminbi could have an effect on the Group's financial condition and results of operations.

While the recording currency of DXHK and COAMI is in the Hong Kong dollars for the purposes of its financial statements, a small portion of the Group's revenue and expenses are denominated in Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the US dollar, could affect the profitability of the Group and may result in foreign currency exchange losses of Renminbi-denominated assets and liabilities of the Group.

The exchange rate of the Renminbi against the Hong Kong dollar, US dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, international, political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and the US dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to US dollars was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. On 16 April 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the US dollar in the inter-bank spot foreign exchange market from 0.5% to

1% in order to further improve the managed floating RMB exchange rate regime based on market supply and demand with reference to a basket of currencies. In March 2014, the PBOC further enlarged the floating band for the trading price of RMB against the US dollar on the inter-bank spot exchange market to 2.0% around the central parity rate. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the US dollar. There is no assurance that the Renminbi will not experience significant fluctuation against the Hong Kong dollar or US dollar in the future. Any significant fluctuation in the value of the Renminbi against foreign currencies could affect the value of the Renminbi-denominated revenue and assets of the Group and therefore have an effect on the Group's financial condition and results of operations.

RISKS RELATING TO THE BONDS AND THE GUARANTEES

Obligations of each of the Guarantors under the Bonds and the Guarantees are structurally subordinated to the liabilities and obligations of the Guarantors' subsidiaries.

The obligations of each of the Guarantors under the Bonds and the Guarantees will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over the claims of the relevant Guarantor and those of such Guarantor's creditors, including the holders of the Bonds. As a result, all of the existing and future liabilities of any Guarantor's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Bonds. In addition, even if such Guarantor were a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by such Guarantor.

The Issuer has no material assets and relies on the Guarantors to make payment under the Bonds.

The Issuer, a wholly-owned subsidiary of DXHK, was established specifically for the purpose of issuing the Bonds and will on-lend the net proceeds of the issue of the Bonds to DXHK or other subsidiaries of DXHK. The Issuer does not and will not have any material assets other than amounts due to it from DXHK or other subsidiaries of DXHK in respect of such on-loan, and its ability to make payments under the Bonds will depend on its receipt of timely payments from DXHK or other subsidiaries of DXHK in respect of such on-loan. Payment by the Issuer of the principal of and the interest on the Bonds may be also funded by advance or capital injection by the Guarantors. If the Issuer fails to receive timely payments from DXHK or other subsidiaries of DXHK in respect of such on-loan, it may not be able to fulfill its obligations under the Bonds and the Trust Deed, in which case investors should expect that repayment of the Bonds will be dependent on the Guarantors pursuant to each of the Guarantees.

The Bonds and the Guarantees are unsecured obligations.

As the Bonds and the Guarantees are unsecured obligations of the Issuer and the Guarantors, respectively, the repayment of the Bonds and payment under the Guarantees may be compromised if:

- the Issuer, the Guarantors or any entity receiving the proceeds on-loan enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment by the Issuer, the Guarantors or any entity receiving the proceeds on-loan of future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any indebtedness of the Issuer, the Guarantors or any entity receiving the proceeds on-loan.

If any of these events occurs, the assets of the Guarantors or any other entity receiving the proceeds on-loan could be insufficient to make payments to the Issuer, which would compromise the Issuer's ability to make payments due on the Bonds or the relevant Guarantor's ability to fulfil its obligations under the Guarantees.

The Bondholders may not be able to receive definitive certificates with respect to their Bonds if they hold less than the minimum denomination.

The Bonds will be issued in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of US$200,000 that are not integral multiples of US$1,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than US$200,000 will not receive a definitive certificate in respect of such holding (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations.

If the Group is unable to comply with the restrictions and covenants in its debt agreements or the Bonds, there could be a default under the terms of these agreements or the Bonds, which could cause the repayment of the Group's debt (including the Bonds) to be accelerated.

If the Group is unable to comply with the restrictions and covenants in the Bonds, or current or future financing and other agreements, there could be a default under the terms of the Bonds or these agreements. In the event of a default under the Bonds or these agreements, the holders of the relevant debt could terminate their commitments to lend to the Group, accelerate the debt obligation and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Bonds, may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements. If any of these events occur, there can be no assurance that the Group's assets and cash flow would be sufficient to repay in full all its indebtedness, or that alternative financing could be obtained. Even if alternative financing can be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Bonds may not be a suitable investment for all investors.

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing, and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Guarantors may be unable to make payments on the Guarantees.

DXHK is a wholly-owned offshore subsidiary of Dongxing Securities, which was incorporated in July 2015 and acting as the primary overseas platform for Dongxing Securities. From its incorporation in July 2015 to February 2016, DXHK had not commenced its business and was in its initial development and preparation stage. During this time, it incurred a large amount of expenses, primarily consisting of rent, staff and recruitment costs and other expenses. As a result, as at 31 December 2015, DXHK recorded a negative net worth of HK$5,529,299. In March 2016 and after the commencement of its business, the share capital of DXHK was increased from HK$10,000 to HK$300,000,000 through the allotment of 299,990,000 ordinary shares to Dongxing Securities. Please refer to "Description of DXHK — Overview — Recent Development" for more details. Whilst DXHK steadily developing and expanding its business, there is no guarantee that DXHK will continue to improve its financial position for the financial year ended 31 December 2016 or that it will be in a position to discharge its obligations under the relevant Guarantee in full.

COAMI is a wholly-owned offshore subsidiary of COAM, acting as the primary overseas platform for COAM. There is no assurance that the Guarantors are able to generate sufficient cash from their operations to meet their payment obligations under the Guarantees. In addition, COAMI maintains a significant level of indebtedness due to its active financing activities to support its operation. For example, three subsidiaries of COAMI issued (i) 4.75 per cent. bonds due 2018 in an aggregate principal amount of US$600,000,000 (the "2013 USD Bonds") in September 2013, (ii) 4.1 per cent. bonds due 2017 in an aggregate principal amount of CNY2,500,000,000 (the "2014 CNY Bonds") in January 2014, (iii) 3.75 per cent. Bonds due 2019 in an aggregate principal amount of US$600,000,000 in September 2014, 5.00 per cent. Bonds due 2024 in an aggregate principal amount of US$400,000,000 in September 2014, 3.75 per cent. Bonds due 2019 in an aggregate principal amount of US$500,000,000 in December 2014 and 2.375 per cent. Notes due 2021 in an aggregate principal amount of US$650,000,000 in August 2016 under the US$4,000,000,000 Medium Term Note Programme (together, the "KW Notes"), which are in turn guaranteed by COAMI and have the benefit of a keepwell deed and an equity interest purchase and investment undertaking from COAM. If all of the 2013 USD Bonds, the 2014 CNY Bonds and the KW Notes have been accelerated, it is uncertain whether COAMI will be able to discharge its obligations in full.

Dongxing Securities is not providing guarantee or any other form of credit support or enhancement for the Bonds.

This Offering Circular includes business and financial information in connection with Dongxing Securities. Investors should be cautioned that Dongxing Securities, as the direct shareholder of DXHK and the indirect shareholder of the Issuer, shall not provide guarantee or any other form of credit support or enhancement for the Bonds. Such information is included for reference only for investors to understand the corporate relationship between Dongxing Securities, DXHK and the Issuer.

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be rated "A-" by Fitch. The ratings represent the opinions of the rating agency and its assessment of the ability of the Issuer and the Guarantors to perform their respective obligations under the Bonds and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities. The ratings can be lowered or withdrawn at any time. Neither the Issuer nor the Guarantors is obligated to inform holders of the Bonds if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Bonds and the Issuer's, the Guarantors' and the Group's ability to access the debt capital markets.

The Issuer and the Guarantors may be deemed organs of the PRC government and therefore enjoy immunity from the jurisdiction of Hong Kong courts.

Each of the Issuer and the Guarantors has irrevocably submitted to the exclusive jurisdiction of Hong Kong courts. However, under Hong Kong law, a Foreign State is immune from the jurisdiction of Hong Kong courts unless the Foreign State agrees to waive immunity to the courts. A state-owned enterprise or state-invested entity may also enjoy crown immunity if a court finds the State exercises operational control over the entity and treats the entity as an organ of the State. Since the MOF is the sole shareholder of COAM which in turn indirectly controls each of the Issuer and the Guarantors and all members of COAM's senior management are appointed by the CBRC, there is no assurance that the Issuer or the Guarantors will not be deemed organs of the PRC government and therefore enjoy crown immunity if they are sued in Hong Kong courts and do not expressly waive immunity before such courts. If so, the Trustee may not be able to enforce the obligations under the Bonds and the Guarantees, as the case may be, against the Issuer or the Guarantors.

The insolvency laws of the British Virgin Islands, Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

Because the Issuer was incorporated under the laws of the British Virgin Islands and the Guarantors were incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer or any Guarantor would likely involve the British Virgin Islands or Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The Bonds will initially be held in book-entry form, and therefore holders of beneficial interests in the Bonds must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Bonds will initially only be represented by the Global Certificate and held through Euroclear and Clearstream. Interests in the Global Certificate representing the Bonds will trade in book-entry form only, and individual certificates for Bonds will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Bonds. Payments of principal, interest and other amounts owing on or in respect of the Global Certificate representing the Bonds will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Certificate representing the Bonds and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer and the Guarantors will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if an investor owns a book-entry interest, it must rely on the procedures of Euroclear and Clearstream, and if it is not a participant in Euroclear and Clearstream, on the procedures of the participant through which it owns its interest, to exercise any rights under the Bonds.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Bonds. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable it to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Bonds, unless and until individual certificates for the Bonds are issued in respect of all book-entry interests, if an investor owns a book-entry interest, it will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of its rights under the Bonds.

A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST, there can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. The Issuer and the Guarantors have been advised that the Joint Lead Managers intend to make a market in the Bonds, but the Joint Lead Managers are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. The Issuer and the Guarantors cannot predict whether an active trading market for the Bonds will develop or be sustained.

The liquidity and price of the Bonds following the offering may be volatile.

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

If an active trading market for the Bonds were to develop, the price and trading volume of the Bonds may be highly volatile. The Bonds may trade at prices that are higher or lower than the price at which the Bonds have been issued. The price at which the Bonds trade depends on many factors, including prevailing interest rates and interest rate volatility; the Group's results of operations, financial condition and future prospects; changes in the securities industry and competition; the market conditions for similar securities; and general economic conditions.

Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Certain facts and statistics are derived from publications that have not been independently verified by the Issuer, the Guarantors, the Joint Lead Managers or their respective advisors.

Facts and statistics in this Offering Circular relating to the PRC economy and the industries in which the Guarantors and the Group operate are derived from publicly available sources. While the Issuer and the Guarantors have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Guarantors, the Joint Lead Managers or their respective advisors and, therefore, none of the Issuer, the Guarantors, the Joint Lead Managers and their respective advisors makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to ineffective calculation and collection methods and other problems, investors should not place undue reliance upon the facts and statistics contained herein, which may be inaccurate or may not be comparable to facts and statistics produced for other economies.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individuals.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

Investment in the Bonds may subject investors to foreign exchange risks.

The Bonds are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Bonds entails foreign exchange related risks, including possible significant changes in the value of the U.S. dollar relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which the Issuer and the Guarantors have no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated interest rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Bonds.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including without limitation giving of notice to the Issuer pursuant to Condition 9 of the Terms and Conditions of the Bonds and taking enforcement steps as contemplated in Condition 13 of the Terms and Conditions of the Bonds), the Trustee may (at its discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions of the Bonds) or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consent of the Bondholders, create and issue further securities (see "Terms and Conditions of the Bonds — Further Issues") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the subprime mortgage crisis in 2008, international financial markets have experienced significant volatility. If similar developments occur in the future, the market price of the Bonds could be adversely affected.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different and more limited from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different and more limited from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The Issuer may not be able to repurchase the Bonds upon the exercise of a redemption option by Bondholders.

Upon the occurrence of a Change of Control as described in "Terms and Conditions of the Bonds", Bondholders may require the Issuer to redeem their Bonds. See "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control".

The source of funds for any such redemption would be the Issuer's available cash and third-party financing. The Issuer, however, may not have sufficient available funds at the time of the occurrence of any such event to redeem the tendered outstanding Bonds. The Issuer's failure to redeem the tendered Bonds would constitute an Event of Default (as defined in "Terms and Conditions of the Bonds"). This Event of Default may, in turn, constitute an event of default under other indebtedness, which could cause the related debt to be accelerated after any applicable notice or grace periods.

Under the Enterprise Income Tax Law, the Issuer or a Guarantor may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences to the Issuer, the Guarantors and the non-PRC Bondholders.

Under the Enterprise Income Tax Law (the "EIT Law") of the PRC, an enterprise established outside the PRC with a "*de facto* management body" within the PRC is deemed a "resident enterprise," meaning that it can be treated as a PRC enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define "*de facto* management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 (the "Circular 82") provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a "resident enterprise" with a "*de facto* management body" located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management frequently reside within the PRC. On 27 July 2011, the State Administration of Taxation issued the Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (the "Circular 45"), to further prescribe rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group". Circular 45 identifies and defines two ways for a foreign enterprise "controlled by a PRC enterprise or a PRC enterprise group" to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its *de facto* management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its active investigation.

Neither the Issuer nor any Guarantor believes that it is currently a PRC resident enterprise. However, the Issuer and the Guarantors cannot assure Bondholders that the Issuer or any Guarantor will not be deemed "a resident enterprise" under the EIT Law and other applicable implementation regulations and, therefore, be subject to enterprise income tax at a rate of 25 per cent. on their global income in the future, although dividends paid from one resident enterprise to another may qualify as "tax-exempt income". If the Issuer or any Guarantor is not considered to be a PRC resident enterprise for EIT Law purposes, the payment of interest on or in respect of the Bonds to the non-PRC Bondholders will not be subject to PRC withholding tax.

Under the EIT Law and the implementation regulations thereunder, PRC withholding tax at a rate of 10% is normally applicable to PRC-source income derived by non-resident enterprises, subject to adjustment by applicable treaty. The EIT Law's implementation regulations further set forth that interest income is viewed as PRC-source income if the enterprise or the establishment that pays or bears the interest is situated in the PRC. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid on the Bonds to non-PRC Bondholders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at a rate of 10% for enterprise Bondholders and 20% for individual Bondholders. Any gains realised on the transfer of the Bonds by such Bondholders may be subject to PRC income tax at a rate of 10% for enterprise Bondholders or 20% for individual Bondholders, if such gains are regarded as PRC-sourced. Any such PRC tax liability may be reduced under applicable tax treaties.

If the Issuer or any Guarantor is required to withhold PRC tax from interest payments on the Bonds to non-PRC Bondholders, the Issuer or such Guarantor, as the case may be, will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have an adverse effect on the Issuer's and the relevant Guarantor's financial condition.

The Issuer may be able to redeem the Bonds in whole, but not in part, at a redemption price equal to 100% of the principal amount together with interest accrued to the date fixed for redemption in the event it is required to pay Additional Tax Amounts in respect of PRC withholding tax because the Issuer or any Guarantor is treated as a PRC tax resident enterprise.

As at the date of this Offering Circular, neither the Issuer nor any Guarantor has been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Tax Law. However, it is unclear whether the Issuer or any Guarantor will be treated as a PRC tax resident enterprise for the purposes of the EIT Tax Law. If the Issuer or, as the case may be, any Guarantor, is treated as a PRC tax resident enterprise and is required to withhold tax from interest payments on the Bonds or under the Guarantees, the Issuer or, as the case may be, any Guarantor will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding been required. As described under Condition 6(b) of "Terms and Conditions of the Bonds", in the event the Issuer or, as the case may be, any Guarantor is required to pay Additional Tax Amounts as a result of any change in or amendment to, or any change in the application or official interpretation of, the laws or regulations of a Relevant Jurisdiction, including any change or amendment or change in the interpretation that requires the Issuer or the relevant Guarantor to withhold tax as a result of it being treated as a PRC tax resident enterprise, the Issuer may redeem the Bonds in whole, but not in part, at a redemption price equal to 100% of the principal amount together with interest accrued to the date fixed for redemption.

The date on which the Issuer elects to redeem the Bonds may not accord with the preference of particular Bondholders. In addition, a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return as the rate of return on the Bonds.

Additional procedures may be required to be taken to hear matters governed by English law in the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law matters.

The Trust Deed, the Agency Agreement and the Terms and Conditions of the Bonds are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear matters governed by English law, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared with other similar debt securities issuances in the international capital market where the relevant security holders would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee without the consent of Bondholders in certain circumstances.

The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of Bondholders, agree to any modification of the Trust Deed and/or the Terms and Conditions of the Bonds which is in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed and/or the Terms and Conditions of the Bonds which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Trust Deed or the Terms and Conditions of the Bonds if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from this offering, after deducting the underwriting fees, commissions and other expenses payable in connection with this offering, will be approximately US$296 million. The Issuer intends to use the net proceeds from this offering as working capital and for other general corporate purposes of DXHK or other subsidiaries of DXHK.

CAPITALISATION AND INDEBTEDNESS OF COAMI

The following table sets forth the consolidated capitalisation and indebtedness of COAMI as at 31 December 2015 and as adjusted to give effect of the issue of the Bonds before deducting the underwriting fees, commissions and other expenses payable in connection with this offering. The following table should be read in conjunction with COAMI's consolidated financial statements and related notes included elsewhere in this Offering Circular.

	At 31 December 2015			
	Actual		As Adjusted	
	(HK$)	(US$)	(HK$)	(US$)
Borrowings — current portion				
Bank borrowings	3,478,068,184	448,742,460	3,478,068,184	448,742,460
Borrowings from the COAM	6,278,378,573	810,040,199	6,278,378,573	810,040,199
	9,756,446,757	1,258,782,659	9,756,446,757	1,258,782,659
Borrowings — non-current portion				
Bank Borrownigs	458,446,875	59,149,093	458,446,875	59,149,093
Bond and notes payables	21,976,802,755	2,835,460,378	21,976,802,755	2,835,460,378
Bonds to be issued(1)	—	—	2,325,210,000	300,000,000
	22,435,249,630	2,894,609,471	24,760,459,630	3,194,609,471
Total borrowings(2)	32,191,696,387	4,153,392,130	34,516,906,387	4,453,392,130
Equity				
Share capital	2	0	2	0
Other reserves	45,566,662	5,879,038	45,566,662	5,879,038
Retained earnings	5,508,905,957	710,762,377	5,508,905,957	710,762,377
Perpetual capital securities	366,166,239	47,242,990	366,166,239	47,242,990
Non-controlling interests	2,132,507,547	275,137,413	2,132,507,547	275,137,413
Total equity	8,053,146,407	1,039,021,818	8,053,146,407	1,039,021,818
Total capitalisation(3)	40,244,842,794	5,192,413,948	42,570,052,794	5,492,413,948

Notes:

(1) This figure reflects the aggregate principal amount of the Bonds to be issued before deducting the underwriting fees, commissions and other expenses payable in connection with this offering. It has translated from US dollar to HK dollar for convenience purposes at the rate of HK$7.7507 to US$1.00.

(2) In August 2016, a wholly owned subsidiary of COAMI issued 2.375 per cent. notes due 2021 in an aggregate principal amount of US$650,000,000 under its US$4,000,000,000 Medium Term Note Programme, which are guaranteed by COAMI and have the benefit of a keepwell deed and an equity interest purchase and investment undertaking from COAM.

(3) Total capitalisation equals total borrowings and total equity.

Except as otherwise disclosed above, there has been no material adverse change in the consolidated capitalisation and indebtedness of COAMI since 31 December 2015.

CAPITALISATION AND INDEBTEDNESS OF DXHK

The following table sets forth the capitalisation and indebtedness of DXHK as at 31 December 2015 and as adjusted to give effect of the issue of the Bonds before deducting the underwriting fees, commissions and other expenses payable in connection with this offering. The following table should be read in conjunction with DXHK's financial statements and related notes included elsewhere in this Offering Circular.

	As at 31 December 2015			
	Actual		As Adjusted	
	(HK$)	(US$)	(HK$)	(US$)
Borrowings — current portion				
Amount due to a fellow subsidiary	15,988,757	2,062,879	15,988,757	2,062,879
Borrowings — non-current portion[(1)]				
Bonds to be issued[(2)]	—	—	2,325,210,000	300,000,000
Total borrowings	15,988,757	2,062,879	2,341,198,757	302,062,879
Deficit				
Share capital[(3)]	10,000	1,290	10,000	1,290
Accumulated loss	(5,539,299)	(714,684)	(5,539,299)	(714,684)
Total negative owner's equity	(5,529,299)	(713,394)	(5,529,299)	(713,394)
Total capitalisation[(4)]	10,459,458	1,349,485	2,335,669,458	301,349,485

Notes:

(1) DXHK obtained a loan equivalent to HK$500,000,000 from China Merchants Bank Co., Ltd. in July 2016.

(2) This figure reflects the aggregate principal amount of the Bonds to be issued before deducting the underwriting fees, commissions and other expenses payable in connection with this offering. It has been translated from US dollar to HK dollar for convenience purposes at the rate of HK$7.7507 to US$1.00.

(3) The share capital of DXHK was increased to HK$300,000,000 in March 2016.

(4) Total capitalisation equals total borrowings and total negative owner's equity.

Except as otherwise disclosed above, there has been no material adverse change in the capitalisation and indebtedness of DXHK since 31 December 2015.

DESCRIPTION OF THE ISSUER

Overview

The Issuer was incorporated as a company with limited liability on 28 July 2016, under the laws of the British Virgin Islands. The registered office of the Issuer is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The Issuer is authorised to issue a maximum of 50,000 shares of a single class with US$1.00 par value per share. The Issuer has issued one share of par value of US$1.00 to DXHK.

Business Activities

The Issuer is a wholly-owned subsidiary of DXHK. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than those incidental to the issue and offering of the Bonds.

Directors

The sole director of the Issuer as at the date of this Offering Circular is Wen LAN.

Financial Information

Under the laws of the British Virgin Islands, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep such records that are sufficient to show and explain the Issuer's transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

DESCRIPTION OF DXHK

Overview

DXHK is a direct wholly-owned subsidiary of Dongxing Securities. DXHK is a company incorporated in Hong Kong on 17 July 2015 under the Companies Ordinance, and commenced its business on 28 February 2016. As of the date of this Offering Circular, DXHK has 300,000,000 shares in issue. DXHK's registered office is at 6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

DXHK is the primary overseas platform for Dongxing Securities. The key businesses of DXHK are securities brokerage, investment banking, asset management, securities research and lending.

As at 31 December 2015, DXHK's total assets were HK$11,330,028, and its total liabilities were HK$16,859,327, which represented a negative net worth of HK$5,529,299. This was due to the fact that as at 31 December 2015, DXHK had not commenced its business and was in its initial development and preparation stage. During this time, it incurred a large amount of expenses, primarily consisting of rent, staff and recruitment costs and other expenses.

Recent Development

After commencing its business in February 2016, the share capital of DXHK was increased in March 2016 from HK$10,000 to HK$300,000,000 through the allotment of 299,990,000 ordinary shares to Dongxing Securities. As at 30 June 2016, DXHK recorded an operating revenue of HK$ 7,755,299 and total assets of HK$357,980,338.

The abovementioned financial information of DXHK as at and for the six months ended 30 June 2016 have not been reviewed or audited, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or a review. None of the Joint Lead Managers or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy of such financial information or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate DXHK's financial condition and results of operations. Such financial information should not be taken as an indication of the expected financial condition or results of operations of DXHK for the full financial year ended 31 December 2016.

Business Activities

The key businesses of DXHK are securities brokerage, investment banking, asset management, securities research and lending.

Securities Brokerage

As an exchange participant of the Hong Kong Stock Exchange, DXHK provides brokerage services in a broad range of securities in Hong Kong, including equity securities listed on the Hong Kong Stock Exchange, derivatives, debt securities and funds. DXHK is also a participant under the Shanghai-Hong Kong Stock Connect programme. It provides Northbound Trading services, allowing eligible Hong Kong and other non-PRC investors to trade securities listed on the Shanghai Stock Exchange.

Investment Banking

Through DX Securities, a 70:30 joint venture between DXHK and COAMI, DXHK provides corporate finance services and financial advisory services to its institutional clients. DX Securities is licensed for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities by the Hong Kong Securities and Futures Commission.

Corporate finance services — DXHK sponsors and underwrites IPOs. As at 31 August 2016, it is acting as sponsor and underwriter for five ongoing IPOs in Hong Kong, which are expected to complete in 2016 or the first half of 2017. The listing application for two of the five IPOs were submitted to the Hong Kong Stock Exchange in April and August 2016, respectively.

Financial advisory services — DXHK provides transaction services to corporate clients, advising mainly on fundraising, corporate restructuring, mergers and acquisitions and private equity.

Leveraging the success and resources of Dongxing Securities and the COAM Group and combining the experience of both its Hong Kong and international professionals, DXHK, together with its joint venture partner COAMI, seek to provide unique solutions to the capital needs of clients across a wide spectrum of industries and product groups, including financial institutions, real estate, utilities and infrastructure, natural resources and healthcare. DXHK is committed to establishing long-term relationships and trust with its clients. It seeks to be a comprehensive one-stop investment banking services platform that provides customised innovative financial solutions to clients.

Asset Management

DXHK provides asset management services through its wholly owned subsidiary Dongxing Securities (Hong Kong) Asset Management Company Limited. Capitalising on the professional investment research platform of Dongxing Securities and the vast knowledge and experience of COAM in overseas asset management, DXHK seeks to establish itself as the Hong Kong wealth management platform of Dongxing Securities. It aims to provide a wide range of professional and integrated overseas investment and asset management services to Chinese corporates with overseas operations or aspirations as well as high-net-worth individuals. Dongxing Securities (Hong Kong) Asset Management Company Limited applied for Type 4 (advising on securities) and Type 9 (asset management) licenses with the Hong Kong Securities and Futures Commission in August 2016 and expects to receive such licenses in late 2016.

Securities Research

DX Securities applied for Type 4 (advising on securities) license with the Hong Kong Securities and Futures Commission in August 2016 and expects to receive such license in late 2016. Leveraging its in-depth knowledge and understanding of mainland China and Hong Kong financial markets, DXHK is able to provide professional securities research services to its securities clients, funds and institutional investors. It plans to issue periodical research reports on macroeconomics, investment strategy and particular securities to assist its clients in making investment decisions.

Lending

DXHK provides lending services through its wholly owned subsidiary Dongxing Securities (Hong Kong) Finance Company Limited ("DXFC"). DXFC is a licensed money lender in Hong Kong (Money Lender License No.: 0699/2016). DXHK primarily provides collateral loans for institutional clients and major shareholders of listed companies in Hong Kong. It also offers other types of loan products, such as structure loans, bridge loans and some tailor-made loan solutions for clients.

Strategy

As the primary offshore platform of Dongxing Securities, the strategic objective of DXHK is to pioneer and develop the offshore business of Dongxing Securities with the aim of transforming Dongxing Securities into an international financial institution.

Employees

As at 30 June 2016, DXHK had a total of 36 employees. DXHK is committed to recruiting, training and retaining skilled and experienced employees throughout its operations. DXHK intends to achieve this by offering competitive remuneration packages as well as by focusing on training and career development.

Directors

At the date of this Offering Circular, the directors of DXHK are TAN Shihao, CHEN Hai, XU Xueli, HU Shaozeng and ZHANG Jun.

Legal Proceedings

At the date of the Offering Circular, there is no litigation, arbitration or claim pending or threatened against DXHK which could be expected to have a material adverse effect on its business, financial conditions and results of operations.

Financial Information

For details of DXHK's financial information, see "Selected Financial Information of DXHK" and DXHK's audited financial statements as at 31 December and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 included elsewhere in this Offering Circular.

DESCRIPTION OF DONGXING SECURITIES

This Offering Circular includes business and financial information in connection with Dongxing Securities. Investors should be cautioned that Dongxing Securities, as the direct shareholder of DXHK and the indirect Shareholder of the Issuer, shall not provide guarantee or any other form of credit support or enhancement for the Bonds. Such information is included for reference only for investors to understand the corporate relationship between Dongxing Securities, DXHK and the Issuer.

Overview

Dongxing Securities, the controlling shareholder of DXHK, was established in 2008 with the approval of the MOF and CSRC. The ordinary shares of Dongxing Securities were listed on the Shanghai Stock Exchange on 26 February 2015 (SSE stock code: 601198). As at the date of this Offering Circular, Dongxing Securities owns 100% equity interests in DXHK. Dongxing Securities is a subsidiary of COAM, which is wholly owned by the MOF and is one of the leading asset management companies in the PRC, offering a broad range of financial services and products.

Dongxing Securities primarily engages in securities related businesses in the PRC, including securities brokerage, investment banking, asset management, proprietary investment, futures, alternative investment, credit business and securities research. As at 30 June 2016, the operation network of Dongxing Securities consisted of four branches located in Shanghai, Fuzhou, Shenzhen and Urumqi, and 71 outlets across over 21 provinces. As at 30 June 2016, 37 out of the 71 outlets of Dongxing Securities were located in Fujian province, which is an economically developed region in the PRC with a large population of affluent and high-net-worth individuals and private enterprises.

Competitive Strengths

The securities business platform of the COAM Group, benefitting from synergies within the group

COAM Group is one of the leading asset management companies in the PRC, which offers a broad range of financial services and products, including its core business of NPA management, as well as securities, insurance, investments and other businesses such as credit rating, fund management and assets management. Being the only securities business platform of and the only listed company within the COAM Group, Dongxing Securities benefits from synergies within the Group from the following perspectives:

Policy support

Pursuant to the direction of CSRC and upon the incorporation of Dongxing Securities, COAM transferred all securities related businesses within the COAM Group to Dongxing Securities. COAM has also undertaken that COAM will not and will procure members of the COAM Group to not engage in any business competing with Dongxing Securities in the PRC.

Share Capital and Financial support

COAM owned approximately 99.72% of the equity interests of Dongxing Securities at its incorporation and has remained as its controlling shareholder after the increase in share capital in 2011 and the IPO in 2015. During the PRC stock market volatility in 2015, COAM, together with a concert party, acquired additional 1000,000 shares in Dongxing Securities. As at 30 June 2016, COAM owns approximately 58.09% of the shares in Dongxing Securities.

COAM provides loans to Dongxing Securities at low interest rates that are adjustable according to PRC benchmark bank interest rates and having tenors that are extendable by agreement. Dongxing Securities also disposes financial assets through the COAM Group to obtain additional financing for its operations.

Business support

Synergies within COAM Group afford Dongxing Securities significant potential for cross-selling among business lines and provide it with great advantages in customer and product development. Dongxing Securities shares the broad customer base, sales channels and industry experience of the COAM Group. By 2015, the total value of all the transactions generated from cooperation within the group amounted to approximately RMB34,000 million. For the six months ended 30 June 2016, the value of transactions generated from cooperation within the group amounted to approximately RMB60,000 million.

Management support

Several directors of Dongxing Securities also serve as directors of COAM, which promotes internal decision-making and communication efficiency.

Strong regional competitive advantage in Fujian province with long-term growth potential

As at 30 June 2016, 37 out of the 71 outlets of Dongxing Securities were located in Fujian province. Over 60% of the revenue from its largest business segment, securities brokerage, for the six months ended 30 June 2016 was derived from Fujian province. With years of regional experience, Dongxing Securities has accumulated a solid customer base and marketing resources and has a strong market competitive advantage in Fujian province. It ranked first among all the securities firms in the region regulated by the CSRC Fujian Bureau (excluding Xiamen) in terms of profit, brokerage fees as well as stock and fund trading volume in 2012 and 2013. Fujian province is a economically developed region in the PRC with a large population of affluent and high-net-worth individuals and private enterprises. Many listed companies and foreign investment companies are also located in Fujian province. The rapid development of regional economy and adoption of modern enterprise systems stimulates financing needs of enterprises in this region and creates abundant business opportunities and long-term growth potential for Dongxing Securities.

Diversified products and services and history of steady business growth

Dongxing Securities has enjoyed a record of steady business growth since its incorporation in 2008. As at 31 December 2015, the value of assets under its management reached approximately RMB60,000 million. The market share of its securities brokerage business remains stable in the past three years despite of economy fluctuation and market competition. As of 31 December 2015, Dongxing Securities has assisted 79 companies with listing on the National SME Share Transfer System and has acted as underwriters for many A share IPOs and debt securities offerings. For more details, please see "The Business and Operation of Dongxing Securities — Investment banking" under this section. Over the time, Dongxing Securities has developed a wide range of financial products and services. The principal businesses of Dongxing Securities comprise securities brokerage, investment banking, asset management, proprietary investment, futures, alternative investment, credit business and securities research. The full-range service chain promotes its customer loyalty and synergies across its business lines. Dongxing Securities has received market recognition. It was awarded "Best Analyst" by "New Fortune" in 2014, "2015 China Best Equity Investment Team" in 2015, "2016 China Best Innovative Securities Investment Bank" and "2016 China Best Enterprise Bonds Underwriter" in 2016 by Securities Times (證券時報) and many other awards of the securities industry.

Strong Emphasis on risk management and internal control systems

Dongxing Securities maintains a balance between innovation and risk management to sustain healthy growth. It established a four-tier risk management structure since its incorporation, consisting of (i) the board of directors and a risk management committee under the board; (ii) the senior management, compliance director and chief risk management officer; (iii) risk management department, and (iv) business departments and other departments with management functions. It also measures risks quantitatively by closely monitoring financial indicators for capital sufficiency and liquidity levels.

In addition, risk management and internal control procedures are built into daily operational policies and procedures of Dongxing Securities, so as to raise employee awareness and increase accountability within the firm. Dongxing Securities reviews the effectiveness of its risk management and internal control systems periodically. It has maintained sound financial condition while developing highly leveraged new lines of business such as margin financing and securities lending. Due to its effective risk management and robust internal control systems, Dongxing Securities demonstrated strong risk resilience in its past operation.

Prudent financial policy with diversified channels of funding sources

Dongxing Securities has implemented prudent financial policies to ensure that it maintains a healthy financial profile, strong liquidity and adequate cash flow. Through actively managing and maintaining a balanced debt maturity profile and holding mostly quality financial assets with strong liquidity, Dongxing Securities ensures that its liquidity risks are managed. Dongxing Securities adheres to stringent standards in all key financial indicators and surpasses the regulatory requirements in each case. For example, the net capital to risk capital reserve ratio, net capital to net assets ratio and net capital to liabilities ratio of Dongxing Securities for the year ended 31 December 2015 was 923.71%, 101.24% and 39.02%, respectively, exceeding the regulatory thresholds of 100%, 40% and 8%, respectively.

Dongxing Securities has also established access to diversified channels of funding to provide sufficient cash flow for its business development. Being a listed company, Dongxing Securities is able to raise funds from both equity capital market and debt capital market. Dongxing Securities successfully raised approximately RMB4,590 million through its IPO in February 2015. Its proposed share placement of up to 400 million new shares was approved by CSRC in July 2016. During 2015, Dongxing Securities issued onshore short-term bonds, subordinated bonds and enterprise bonds in an aggregate principal amount of approximately RMB10.8 billion. Furthermore, Dongxing Securities is able to obtain financing from banks. As at 30 June 2016, it had obtained onshore credit facilities of RMB47,600 million in the aggregate. The unused credit limit as at 30 June 2016 was approximately RMB44,860 million. Dongxing Securities also received interbank borrowings of RMB100 million in the aggregate as at 30 June 2016. The good credit standing and close relationships with financial institutions increased diversity of liquidity and strengthened investment capability of Dongxing Securities.

Experienced management team and a highly proficient professional workforce

The directors of Dongxing Securities have numerous years of experience in the securities and financial industries. Several of them also serve as directors of COAM. Their industry experience and vision enable Dongxing Securities to achieve rapid and steady growth since incorporation. The senior management of Dongxing Securities has strong execution abilities. A majority of them joined Dongxing Securities since its incorporation.

Dongxing Securities is committed to cultivating its employees' professional proficiency internally. The number of employees who possess investment consultancy licenses increased by 20% in 2015. It also recruits talents externally by offering attractive compensation and benefit packages. As at 31 December 2015, it had 2,773 employees.

Strategies

Dongxing Securities's strategic objective is to become an integrated financial services firm focusing on high-quality wealth management and investment services, with its key business indicators and financial indicators ranking in the top tier in the PRC in the next three to five years. Dongxing Securities plans to achieve its objective through a three-level development strategy:

- *Transformation of traditional businesses* — through adjustments to the product and business mix, to continue the transformation of the traditional businesses of securities brokerage, investment banking and proprietary investment.

- *Focusing on businesses with a competitive advantage* — to concentrate efforts on developing business areas where Dongxing Securities has a competitive advantage with the target of propelling one of its asset management, debt securities underwriting and futures businesses into the top tier.

- *Development of new products* — to actively develop new business areas, such as direct investments, financial product investments, margin financing, securities lending, collateralized securities repurchase and sale-and-buyback trading.

The Business and Operation of Dongxing Securities

The principal businesses of Dongxing Securities comprise securities brokerage, investment banking, asset management, proprietary investment, futures, alternative investment, credit business and securities research. The table below sets out the breakdown of the revenue and operating costs of each line of business for the year ended 31 December 2015:

	As of 31 December 2015	
	Revenue (RMB'000)	Operating Costs (RMB'000)
Securities brokerage	269,7115.0	99,3679.6
Investment banking	60,9872.0	29,8368.7
Asset management	53,7813.7	31,6814.1
Proprietary investment	132,6794.9	21,3420.0
Futures	7,4506.3	4,8655.5
Alternative investment	(21,6970.8)	12,7758.8
Credit business	69,4104.8	21,8307.7
Other businesses	(331,827.9)	645,656.6
Intra-company elimination	(34,412.5)	(34,412.5)

Securities brokerage

The securities brokerage business has contributed the largest portion of revenue to the consolidated revenue of Dongxing Securities historically. The revenue derived from securities brokerage business for the years ended 31 December 2013, 2014 and 2015 was approximately RMB867 million, RMB1,176 million and RMB2,697 million, respectively, which represented approximately 42.6%, 45.3% and 50.3% of the consolidated revenue of Dongxing Securities for the years ended 31 December 2013, 2014 and 2015, respectively.

The securities brokerage business offers the following services:

- securities trading;

- agency of principal and interests payment for debt securities;

- agency of dividend distribution;

- securities deposit;

- agency of opening trading account;

- agency of financial products selling; and

- investment advisory.

Dongxing Securities provides securities trading services for a variety of securities, such as A shares, B shares, funds, warrants and bonds. In addition to the traditional securities trading services, Dongxing Securities also acts as paying agent for principal and interests payment of PRC treasury bonds, corporate bonds and other debt securities, as well as provides investment advisory services and other ancillary services. The main sources of revenue from the securities brokerage business are commission received, interest spreads and investment advisory fees. To optimize its revenue structure, Dongxing Securities actively expanded its agency services for sales of financial products and increased collaboration with institutional investors such as funds, qualified foreign institutional investors and insurance companies.

As at 30 June 2016, Dongxing Securities operated 71 outlets across the PRC. In order to expand its reach beyond physical operations network, Dongxing Securities has launched online trading services and mobile phone applications and has entered into cooperation with internet financial media, such as sina.com.cn in the PRC to expand its customer base.

Investment banking

Dongxing Securities provides a range of investment banking services to its customers, with a particular focus on SMEs and innovative enterprises with development potential. Services provided include securities underwriting and sponsoring and financial consulting. The main sources of revenue from the investment banking business are underwriting fees, sponsor fees and financial consulting fees.

Securities underwriting and sponsoring

Dongxing Securities obtained sponsor qualifications in 2009. It has acted as a lead underwriter and/or sponsor in numerous public and non-public equity and debt offerings, including:

- the non-public offering of Jiangxi Changyun Co., Ltd. (江西長運股份有限公司) (SSE stock code 600561);

- offering of corporate bonds of Huasheng Jiangquan Group Co., Ltd. (華盛江泉集團有限公司) in 2013;

- offering of corporate bonds of Sunhover Industry Group Co., Ltd. (翔宇實業集團有限公司) in 2013;

- offering of corporate bonds of Anhui Nanxiang Trade (Group) Co., Ltd. (安徽省南翔貿易(集團)有限公司) in 2013;

- private placement of bonds of Hanwei Machinery Manufacturing Co., Ltd. (漢威機械製造有限公司) in 2013;

- private placement of bonds of Youxian Baoyue Market Construction Co., Ltd. (攸縣寶悅市場建設有限公司) in 2013;

- offering of corporate bonds of Putian Urban Construction Investment and Development Co., Ltd. (莆田市城市建設投資開發集團有限公司) in 2014;

- private placement of bonds of Qingdao Bangxin Microfinance Co., Ltd. (青島邦信小額貸款有限責任公司) in 2014;

- private placement of bonds of Changchun Bangxin Microfinance Co., Ltd. (長春市邦信小額貸款有限責任公司) in 2014;

- private placement of bonds of Qinghai Jinding Cement Co., Ltd. (青海金鼎水泥有限公司) in 2014;

- corporate bonds of Huian Urban and Rural Area Construction & Investment Co., Ltd.(惠安縣城鄉建設投資經營有限公司) in 2014;

- offering of corporate bonds of Fujian Zhangzhou Development Co., Ltd. (福建漳州發展股份有限公司) in 2014; and

- offering of corporate bonds of Jiangsu Nantong No.2 Construction Group Co., Ltd.(江蘇南通二建集團有限公司) in 2014.

In 2015, Dongxing Securities acted as a lead underwriter for four A share IPOs, four enterprise bonds offerings, 22 corporate bonds offering and four other debt securities offerings.

Financial consulting

Dongxing Securities provides financial consulting services to its corporate clients in connection with mergers and acquisitions, corporate restructuring, over-the-counter transactions and listing on the National SME Share Transfer System and other regional share transfer markets. It obtained chief agency broker qualifications for the Agency Share Transfer System and the National SME Share Transfer System in 2010 and 2013, respectively. In 2015, it participated in two mergers and acquisitions and 64 listings on the National SME Share Transfer System.

Asset management

Dongxing Securities offers collective asset management schemes, individual asset management schemes and special asset management schemes with coverage in equity, fixed income, quantitative investments and securitization products to meet the needs of investors with different risk profiles. As at 31 December 2015, Dongxing Securities had 72 collective asset management schemes, 102 individual asset management schemes and one special asset management scheme in operation. The total value of assets under its management amounted to approximately RMB60,000 million as of 31 December 2015. It was awarded "2015 China Best Equity Investment Team" by Securities Times (證券時報) in 2015. Dongxing Securities markets the asset management schemes through its own operational network and commercial banks, targetting at both individual and corporate customers. The main sources of revenue from the asset management business are management fees and incentive fees.

Proprietary investment

Dongxing Securities invests in equity securities and debt securities for its own account. Dongxing Securities adheres to an investment strategy of value-investing with stable return.

With respect to its equity securities investments, its focus is on value discovery and emphases on the core research of listed companies as the basis of its investment decisions, taking into account other considerations such as macroeconomics, market conditions and industry policies. In 2015, in order to minimise the impact of market fluctuations, Dongxing Securities diversified its investments by expanding its scope from primarily investing in the secondary market to areas such as private placements, quantitative investing and subscription of newly listed shares. Investment risks are managed through a collective decision process, having a diversified investment portfolios and hedging.

With respect to debt securities investment, Dongxing Securities follows an investment philosophy of stable returns that is based on systematic research and scientific decision-making. It primarily invests in fixed income products such as bonds, particularly those with higher credit, earning interest income and transaction margin income, thereby providing a continuing source of income.

Futures

Dongxing Securities engages in the commodity futures agency business, financial futures agency business and futures investment consulting business through its wholly-owned subsidiary, Dongxing Futures Co., Ltd (東興期貨有限責任公司). Dongxing Futures Co., Ltd operates through four branches located in Yantai, Taiyuan, Fuzhou and Beijing, and is a trading and clearance member of China Financial Futures Exchange (中國金融期貨交易所) and a member of Shanghai Futures Exchange (上海期貨交易所), Dalian Commodity Exchange (大連商品交易所) and Zhengzhou Commodity Exchange (鄭州商品交易所).

Alternative investment

Dongxing Securities was among the first securities companies to engage in alternative investments in 2012 following the promulgation of the relevant rules by the CSRC. The alternative investment business, including investment trust programme, limited partnership equity holding and asset management programmes, is conducted through Dongxing Securities Investment Co., Ltd., a wholly-owned subsidiary of Dongxing Securities.

Credit business

Dongxing Securities engages in credit business including margin financing and securities leasing, collateralized securities repurchase and securities sale-and-buyback trading. Dongxing Securities launched its margin financing and securities leasing business in 2012 after obtaining approval from the CSRC. In 2013, it launched collateralized securities repurchase business and securities sale-and-buyback trading business for securities listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

Securities research

Dongxing Securities provides research on industries, companies, investment, strategies and derivatives. Research conducted covers all 13 categories of industries as categorised by the CSRC and reaches nearly 800 listed companies. As part of its strategy to provide a differentiated service, Dongxing Securities focuses its research on the information technology, pharmaceutical, chemistry, food and beverages and new energy industries. The research operations of Dongxing Securities has gained national recognition as one of the pre-eminent research firms in the PRC. It has won various awards including the "Most Promising Securities Company" by the 2014 Eastmoney Award, being ranked the first in the "Most Promising Research Institution Awards" and the fifth in the "Best Small and Medium-Sized Market Value Research Institution Awards" at the 12th New Fortune Best Analysts Ceremony in 2014. In the 2014 Crystal Ball Sell-side Analyst Award Ceremony, Dongxing Securities ranked third in the "Most Distinctive Research Institutions Award", second in the "Crystal Ball Award-Pharmaceutical Biotechnology Category" and the third in the "Crystal Ball Award — Basic Chemical Category". Furthermore, it was named the "Fastest Growing Research Institute" in the 2014 New Fortune Best Analysts Award and the "Best Analyst" by "New Fortune" in 2014. It ranked first in the Most Promising Research Institution Awards at the 13th New Fortune Best Analysts Ceremony in 2015.

Employees

As at 31 December 2015, Dongxing Securities had 2,773 employees. Dongxing Securities believes its employees are crucial to its success and is committed to investing in the continuing education and training of its employees.

Overview

COAMI is an indirect, wholly-owned subsidiary of COAM. COAMI is a company incorporated in Hong Kong on 7 August 2002 under the Companies Ordinance (company number: 809353), and, after restructuring and a change in names, commenced business operations in June 2011. As of the date of this Offering Circular, COAMI has two shares in issue. COAMI's registered office is at Room 4802, 48th Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

COAMI is the primary overseas platform of the COAM Group. It plays a key role in the COAM Group's strategy of becoming an international financial services provider by leading the COAM Group's overseas business development. Strategically located in Hong Kong, COAMI takes advantage of the access to both the onshore and offshore markets and the transferability of the Renminbi and Hong Kong dollar and serves as a linkage between the COAM Group's onshore business and offshore funding and investment opportunities.

COAMI is licensed as a money lender in Hong Kong. China Orient International Asset Management Limited, a wholly-owned subsidiary of COAMI incorporated in Hong Kong, is licensed for Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the Hong Kong Securities and Futures Commission. In addition, DX Securities, a 70:30 joint venture company between DXHK and COAMI, is licensed for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities by the Hong Kong Securities and Futures Commission. In addition, China Orient International Asset Management Limited has been granted RMB qualified foreign institutional investor ("**RQFII**") licence by the CSRC with a quota of RMB1.5 billion granted in October 2014 and RMB2.5 billion granted in 2015 by SAFE.

For the years ended 31 December 2014 and 2015, COAMI's operating revenue was HK$3.1 billion and HK$2.8 billion, respectively. Its operating profit was HK$2.5 billion and HK$1.1 billion, respectively, while net profit was recorded at HK$2.2 billion and HK$2.2 billion, respectively, during the same periods. As of 31 December 2014 and 2015, COAMI's total assets were HK$52.0 billion and HK$68.8 billion, while its total liabilities were HK$46.2 billion and HK$60.8 billion, respectively.

In addition to being a guarantor to the Bonds, COAMI is a guarantor of the 2013 USD Bonds, the 2014 CNY Bonds and the KW Notes issued under the Programme.

Business Activities

The key businesses of COAMI are the investment business, NPA business, asset management business and corporate finance advisory business through DX Securities.

Investment Business

COAMI makes the following types of investments in both onshore and offshore markets as part of its investment business:

Fixed income investments — capitalising on its professional expertise and the broad business network of the COAM Group, COAMI offers a varied and flexible range of structured financing products, including asset restructuring financing, secured financing, margin financing and convertible debt financing. COAMI also helps clients improve their liquidity by providing investment solutions with various financing costs and maturity tailored to clients' needs.

Equity investments — COAMI makes equity investments such as pre-IPO, IPO and private equity investments. Focusing on industries with strong growth potential, COAMI makes strategic investments in selected high quality companies and forms a mutually beneficial cooperation relationship with the client enterprise by providing financing supports to foster the client's growth.

Secondary market investments — COAMI invests in stocks listed and traded on the main stock exchanges, including Hong Kong, PRC and U.S. stock exchanges. Industries covered include consumption, culture and media, internet and communications, new energy, healthcare, pharmaceuticals and finance. COAMI employs experienced professionals in the PRC and overseas to provide professional and independent research and analysis for its investments.

Corporate Finance Advisory Business

COAMI, through DX Securities, provides strategic advice and transaction services to corporate clients, advising mainly on fund raising, corporate restructuring, mergers, acquisitions and takeovers of both private and public companies. Leveraging the COAM Group's extensive network in China and Hong Kong, COAMI and its joint venture partner seek to provide unique solutions to the capital needs of its clients across a wide spectrum of industries and product groups, including financial institutions, real estate, utilities and infrastructure, natural resources and healthcare.

NPA Business

By setting up investment companies, joint ventures or funds, COAMI assists companies with cash flow difficulties through debt restructuring and asset consolidation by restructuring debt terms, extending debt maturities and relieving liquidity risk.

Asset Management Business

Through its subsidiary, COAMI offers products with different maturity, returns and investment objectives in order to meet different investment needs and has established multiple funds by pooling together investments from third-party investors. COAMI plans to further expand its asset management business. China Orient International Asset Management Limited, a wholly-owned subsidiary of COAMI has been granted a RQFII quota of RMB1.5 billion in October 2014 and RMB2.5 billion in 2015, positioning COAMI to better capture cross-border opportunities by providing access to the PRC securities market to offshore investors.

In December 2015, COAMI relied on its current offshore high-yield assets and issued US$165 million asset-backed securities ("**ABS**"). This was the first global ABS product based on high-yield debt for Asia in a decade. As the first PRC company to have achieved asset securitisation, COAMI completed fund raising relying on its underlying assets, diversified financing channels and investors' structures, and made an important stride towards a fund-oriented and product-centered strategic goal.

Managed Funds

In 2015, adhering to the COAM Group's two-wheel strategy of "Asset Management + Banking and Insurance Services", COAMI pioneered the idea of "funds transformation" and "productisation", and the main business segments of COAMI gradually developed into steady funds and yield investment returns.

In the primary funds market, on 15 April 2014, COAMI and Great Eagle Holdings Limited signed an agreement to jointly set up a closed-end fund targeting at investment in properties in the U.S. and an investment fund targeting at financing real estate companies operating in the PRC.

In January 2016, COAMI established a strategic cooperation partnership with investment firms, KKR and China Orient Summit Capital, to jointly set up an offshore investment fund, focusing on NPL restructuring, purchasing and other special investment opportunities. In addition, COAMI also set up various funds, such as a joint U.S. real estate investment fund with Portman Holdings, as well as funds in other industrial sections, such as medical and health funds and cultural funds.

In the secondary funds market, COAMI mainly focuses on the management of four groups of funds, namely the Multi-Strategy Fund, the RQFII (A-Share) Fund, the RQFII (Stable Income) Fund and the Enhanced Income Fund.

Strategy

As the COAM Group's primary offshore platform, COAMI's strategic objective is to pioneer and develop the COAM Group's offshore business with the aim of transforming the COAM Group into an international financial institution.

COAMI seeks to continue to expand the scope of its financial services while at the same time focusing on its investment business.

COAMI's main investment strategies involve investing in non-performing assets, equities, fixed income and property. Its strategies are also complemented by its special situations investment business in which COAMI adds value to its portfolio through active involvement in management, maintaining a local presence, taking advantage of resources across its national network, and transforming the businesses of and realising value from its portfolio. By leveraging the resources of COAM, COAMI is able to generate cross-selling opportunities and provide quality financial services to its clients.

Employees

As of 31 December 2015, COAMI had over 100 employees. COAMI is committed to recruiting, training and retaining skilled and experienced employees throughout its operations. COAMI intends to achieve this by offering competitive remuneration packages as well as by focusing on training and career development.

Directors

With the exception of the independent non-executive directors, all of the directors of COAMI are appointed by COAM. At the date of this Offering Circular, the directors of COAMI are:

- ZENG Yang (Non-Executive Director)
- ZHONG Guoxing (Executive Director)
- CHANG Ludwig (Executive Director)
- YAN Andrew Y. (Independent non-Executive Director)
- LEUNG Pak To (Independent non-Executive Director)
- SHI Shuang (Non-Executive Director)
- SUI Zhaohui (Non-Executive Director)
- XUE Gui (Non-Executive Director)
- MEI Xiaofeng (Non-Executive Director)

Financial Information

For details of COAMI's financial information, see "Selected Financial Information of COAMI" and COAMI's audited consolidated financial statements as at and for the year ended 31 December 2015 included elsewhere in this Offering Circular.

Legal Proceedings

From time to time, COAMI is involved in legal proceedings, claims or disputes in the ordinary course of its business. At the date of the Offering Circular, there is no litigation, arbitration or claim pending or threatened against COAMI which could be expected to have a material adverse effect on its business, financial conditions and results of operations.

The following are the terms and conditions substantially in the form in which they (other than the texts in italics) will be endorsed on the Certificate issued in respect of the Bonds and referred to in the global certificate relating to the Bonds.

The issue of US$300,000,000 2.25 per cent. Guaranteed Bonds due 2019 (the "**Bonds**") was authorised by a resolution of the Board of Directors of Dongxing Voyage Company Limited (東興啟航有限公司) (the "**Issuer**") passed on 7 September 2016 and the giving of the Guarantees (as defined in Condition 3(b)) was authorised by (i) a resolution of the Board of Directors of China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司) ("**COAMI**") on 20 September 2016, and (ii) a resolution of the Board of Directors of Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司) ("**DXHK**", together with COAMI, the "**Guarantors**") on 2 September 2016, respectively. The Bonds are constituted by, are subject to, and have the benefit of, a trust deed dated 27 September 2016 (as amended or supplemented from time to time, the "**Trust Deed**") entered into by the Issuer, the Guarantors and DB Trustees (Hong Kong) Limited, as trustee for the holders of the Bonds (the "**Trustee**", which expression includes any successor trustee appointed from time to time in connection with the Bonds) and are the subject of an agency agreement dated 27 September 2016 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantors, the Trustee, Deutsche Bank AG, Hong Kong Branch, as the principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds) and as the transfer agent (the "**Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Bonds) and Deutsche Bank AG, Hong Kong Branch, as the registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Bonds). The term "**Paying Agents**" includes the Principal Paying Agent and any additional paying agents and their successors appointed from time to time in connection with the Bonds), the term "**Transfer Agents**" includes the Transfer Agent and any additional transfer agents and their successors appointed from time to time in connection with the Bonds, and the Principal Paying Agent, the other Paying Agents, the Transfer Agents and the Registrar are collectively the "**Agents**" and each an "**Agent**"). Certain provisions of these Conditions (as defined below) are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours at the specified office for the time being of the Principal Paying Agent (presently at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong).

Unless otherwise defined, terms used in these terms and conditions (these "**Conditions**") have the meanings specified in the Trust Deed.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of US$200,000 and integral multiples of US$1,000 in excess thereof.

The Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of the Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and "**holder**" means the person in whose name a Bond is registered (or in the case of joint holding, the first name thereof).

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") deposited with a common depositary for, and representing Bonds registered in the name of a nominee of such common depositary for, Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See "**Summary of Provisions Relating to the Bonds in Global Form**".*

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2. **Transfers of Bonds**

(a) ***Transfer***: A holding of Bonds may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon written request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(b) ***Delivery of New Certificates***: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer or Change of Control Put Exercise Notice (as defined in Condition 6(c)) and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Change of Control Put Exercise Notice or Certificate shall have been made or, at the option of the Bondholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Change of Control Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the Bondholder entitled to the new Certificate to such address as may be so specified, unless such Bondholder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) ***Transfer or Exercise Free of Charge***: Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the applicable Bondholder of any and all tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity, security or prefunding as the Registrar or the relevant Transfer Agent may require in respect of such tax or other governmental charges).

(d) ***Closed Periods***: No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for redemption of that Bond, (ii) after a Change of Control Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)) or (iv) after such Bond has been called for redemption.

3. **Status and Guarantee**

(a) ***Status***: The Bonds constitute (subject to Condition 4(a)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer which shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) ***Guarantee***: Each of the Guarantors has jointly and severally unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Each Guarantor's obligations in respect of the Bonds and the Trust Deed (each a "**Guarantee**", together, the "**Guarantees**") are contained in the Trust Deed. The obligations of each of the Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4. **Negative Pledge and Other Covenants**

(a) ***Negative pledge***: So long as any Bond remains outstanding (as defined in the Trust Deed),

(i) the Issuer shall not, and the Issuer shall ensure that none of its Subsidiaries will, create, incur, assume or permit to exist any Security upon any of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness of the Issuer or any such Subsidiary (or any guarantee or indemnity in respect of such Relevant Indebtedness), without, in any such case, making effective provision whereby the Bonds issued by the Issuer will be secured either (x) at least equally and ratably with such Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) or (y) by such other Security as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders; and

(ii) none of the Guarantors shall, and each of the Guarantors shall ensure that none of its Subsidiaries will, create, incur, assume or permit to exist any Security upon any of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness of any Guarantor or any such Subsidiary (or any guarantee or indemnity in respect of such Relevant Indebtedness), without, in any such case, making effective provision whereby the Bonds issued by the Issuer will be secured either (x) at least equally and ratably with such Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) or (y) by such other Security as shall have been approved by an Extraordinary Resolution of the Bondholders.

(b) ***Issuer's activities***: So long as any Bond remains outstanding, the Issuer shall not, and the Guarantors shall procure the Issuer will not, carry on any business activities other than those in connection with issuance of, and performance of its obligations under any Relevant Indebtedness and advance of the net proceeds of the issuance of such Relevant Indebtedness to DXHK or as it may direct.

(c) ***Provision of information***: So long as any Bond remains outstanding,

(i) the Issuer will file with the Trustee within 180 calendar days after the end of each financial year of DXHK, a compliance certificate signed by a director of the Issuer, stating whether, to such director's knowledge, the Issuer is in compliance with all covenants and conditions to be complied with by it under the Bonds and the Trust Deed;

(ii) DXHK will file with the Trustee (A) within 180 calendar days after the end of each financial year of DXHK, a compliance certificate signed by a director of DXHK, stating whether, to such director's knowledge, DXHK is in compliance with all covenants and conditions to be complied with by it under the Bonds and the Trust Deed and a copy of the relevant Audited Financial Reports; and (B) within 90 calendar days after the end of each Relevant Period, a copy of the relevant Unaudited Financial Reports;

(iii) COAMI will file with the Trustee (A) within 180 calendar days after the end of each financial year of COAMI, a compliance certificate signed by a director of COAMI stating whether, to such director's knowledge, COAMI is in compliance with all covenants and conditions to be complied with by COAMI under the Bonds and the Trust Deed and a copy of the relevant Audited Financial Reports; and (B) within 90 calendar days after the end of each Relevant Period, a copy of the relevant Unaudited Financial Reports; and

(iv) the Issuer or the Guarantors shall deliver to the Trustee as soon as possible, and in any event within 14 days after the Issuer or any Guarantor, as the case may be, becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and a certificate signed by any director of the Issuer (or any Guarantor, as the case may be) setting forth the details thereof and the action the Issuer (or any Guarantor, as the case may be) is taking or proposes to take with respect thereto (if any).

In these Conditions:

"**Audited Financial Reports**" means annual audited consolidated statement of comprehensive income, balance sheet and statement of cash flow of DXHK or COAMI, as the case may be, together with any statements, reports (including any Directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Indebtedness**" of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument (excluding trade payables), (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person;

a "**Person**" means any state-owned enterprise, individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision thereof or any other entity;

"**Relevant Indebtedness**" of any Person means (i) any present or future indebtedness that is in the form of, or represented or evidenced by any bonds, notes, debentures, debenture stocks, loan stock certificates or other securities, which are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market and has a final maturity of one year or more from its date of incurrence or issuance; and (ii) all Relevant Indebtedness of others guaranteed by such Person;

"**Relevant Period**" means, in relation to Audited Financial Reports, each period of twelve months ending on the last day of the financial year (being 31 December of that financial year) of DXHK or COAMI, as the case may be, and, in relation to Unaudited Financial Reports, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year) of DXHK or COAMI, as the case may be;

"**Security**" means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind;

a "**Subsidiary**" of any Person means (a) any company or other business entity of which that Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that Person; and

"**Unaudited Financial Reports**" means semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated profit and loss and balance sheet statements of DXHK or COAMI, as the case may be.

5. **Interest**

The Bonds bear interest on their outstanding principal amount from and including 27 September 2016 at the rate of 2.25 per cent. per annum, payable semi-annually in arrear in equal instalments of US$11.25 per Calculation Amount (as defined below) on 27 March and 27 September in each year (each an "**Interest Payment Date**").

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the seventh day after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per US$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. **Redemption and Purchase**

(a) ***Final redemption***: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at a price equal to 100 per cent. of their principal amount on 27 September 2019 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) ***Redemption for taxation reasons***: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee (which notice shall be irrevocable), at their principal amount, together with accrued but unpaid interest to the date of redemption, if:

(i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or if any Guarantee was called, the relevant Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of, or the stating of official position with respect to, such laws or regulations (including a decision by a court of competent jurisdiction), which change or amendment becomes effective (or in the case of a statement of official position, is announced) on or after 20 September 2016; and

(ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantors, as the case may be) would be obliged to pay such Additional Tax Amounts if a payment in respect of the Bonds (or the Guarantees, as the case may be) were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the relevant Guarantor, as the case may be) shall deliver to the Trustee a certificate signed by a director of the Issuer (or any director of the affected Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the affected Guarantor, as the case may be) taking reasonable measures available to it, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b) without further enquiry and without liability to any Bondholder, in which event it shall be conclusive and binding on the Bondholders.

All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on such date, in such place and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) ***Redemption for Change of Control***: At any time following the occurrence of a Change of Control, the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued but unpaid interest to the Change of Control Put Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a

"**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which are the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

The Issuer or any Guarantor shall give notice to Bondholders (in accordance with Condition 16) and the Trustee by not later than seven days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

For the purposes of these Conditions:

a "**Change of Control**" occurs when:

(i) DXHK ceases to own and control directly 100 per cent. of the Voting Shares of the Issuer;

(ii) China Orient Asset Management Corporation ceases to Control directly or indirectly DXHK;

(iii) China Orient Asset Management Corporation ceases to own and control directly or indirectly 100 per cent. of the Voting Shares of COAMI; or

(iv) the government of the People's Republic of China (the "**PRC**") or Persons controlled by the government of the PRC ceases to own and control directly or indirectly or in combination at least 50.1 per cent. of the Voting Shares of China Orient Asset Management Corporation.

"**Capital Stock**" means any and all shares, interests (including joint venture interests), equity participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

"**Control**" means the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of such Person or the right to appoint and/or remove all or the majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative to the foregoing; and

"**Voting Shares**" means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(d) ***Redemption at the Option of the Issuer***: On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Bondholders in accordance with Condition 16, the Issuer may at any time redeem the Bonds, in whole but not in part, at a Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice.

In this Condition 6(d):

"**Adjusted Treasury Rate**" means, with respect to any Optional Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date;

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds;

"**Comparable Treasury Price**" means, with respect to any Optional Redemption Date:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York Business Day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "**Composite 3:30 p.m. Quotations for U.S. Government Securities**"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such New York Business Day, (x) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (y) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"**Make Whole Price**" means, with respect to a Bond at the Optional Redemption Date, the amount calculated by the Quotation Agent that is the greater of (1) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, and (2) the principal amount of such Bonds, which amount shall be notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent and the Issuer;

"**New York Business Day**" means a day in New York City other than a Saturday, Sunday or a day on which banking institutions are authorised or obligated by law or executive order to remain closed;

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith; and

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and the Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the third New York Business Day preceding such Optional Redemption Date.

(e) ***Notices of redemption***: If more than one notice of redemption is given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and Condition 6(d) and any Change of Control Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(f) ***Purchase***: The Issuer, the Guarantors and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Any Bonds purchased pursuant to this Condition 6(f) may be held, reissued, resold or surrendered to the Registrar for cancellation at the option of the Issuer, the Guarantors or their respective Subsidiaries (as the case may be). The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantors or any of their respective Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a).

7. **Payments**

(a) ***Method of payment***:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in US dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of any Paying Agent before the Record Date, such payment of interest may be made by transfer to the Registered Account of the Bondholder.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) ***Payment initiation*****:** Where payment is to be made by transfer to a Registered Account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of the Principal Paying Agent, on a Payment Business Day on which the Paying Agent is open for business and on which the relevant Certificate is surrendered.

(c) ***Payments subject to fiscal laws*****:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(d) ***Appointment of Agents*****:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantors and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any Bondholder. Each of the Issuer and the Guarantors reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer and the Guarantors shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer or the Guarantors to the Bondholders, as the case may be.

(e) ***Delay in payment*:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date.

(f) ***Non-Payment Business Days*:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in New York City, the place in which the specified office of the Registrar and the Principal Paying Agent is located and (if surrender of the relevant Certificate is required) the relevant place of presentation; and

"**Registered Account**" of a Bondholder means the United States dollar account maintained by or on behalf of such Bondholder with a bank in New York City, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.

8. **Taxation**

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantors in respect of the Bonds or under the Guarantees shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC (in the case of a payment by the Issuer), or Hong Kong or the PRC (in the case of a payment by the Guarantors), in each case including any political subdivision or authority therein or thereof having power to tax (each, a "**Relevant Jurisdiction**") unless such withholding or deduction is required by law.

If the Issuer or, as the case may be, any Guarantor is required to make such deduction or withholding by or within the PRC at a rate of up to and including 10 per cent., the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, any Guarantor is required to make a deduction or withholding (i) by or within a Relevant Jurisdiction (other than the PRC) or (ii) by or within the PRC in excess of 10 per cent., the Issuer or, as the case may be, the Guarantors shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

In any event, no additional amounts shall be payable with respect to any withholding or deduction under either of the two preceding paragraphs ("**Additional Amounts**") in respect of any Bond:

(a) ***Other connection***: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having or having had some connection with a Relevant Jurisdiction other than the mere holding of the Bond; or

(b) ***Surrender more than 30 days after the Relevant Date***: in respect of which the Certificate representing it is presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to Additional Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days; or

(c) ***Failure to provide certification***: where such withholding or deduction would not have been imposed but for the failure of the holder or beneficial owner to comply with a timely request of the Issuer or either Guarantor, addressed to the holder, to provide information concerning the holder or beneficial owner's nationality, residence, identity or other connection with the Relevant Jurisdiction if and to the extent that due and timely compliance with such request is required under the domestic law of the Relevant Jurisdiction in order to reduce or eliminate the withholding or deduction; or

(d) ***Beneficial owners***: to a holder that is a fiduciary, partnership or person other than the sole beneficial owner of the payment to the extent that a payment would be required to be included in the income, under the tax laws of the Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof.

For the avoidance of doubt, the Issuer's or, as the case may be, the Guarantors' obligation to pay Additional Amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, premium (if any) or interest on the Bonds.

"**Relevant Date**" means, in respect of any Bond, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal, premium (if any) and/or interest shall be deemed to include any Additional Amounts which may be payable under this Condition 8.

9. **Events of Default**

If any of the following events (each an "**Event of Default**") occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided that in any such case the Trustee shall first have been indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer and the Guarantors that the Bonds are, and they shall immediately become, due and payable at 100 per cent. of their principal amount together (if applicable) with accrued interest:

(a) ***Non-Payment*:** the Issuer and the Guarantors each fails to pay (i) principal, or premium (if any) on any Bond on the date such amount is due and payable or (ii) interest on any Bond within 30 days after the due date for such payment; or

(b) ***Breach of Other Obligations*:** the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed, which default is either incapable of remedy or, if remediable, is not remedied within 30 days after notice of such default shall have been given to the Issuer or the relevant Guarantor by the Trustee; or

(c) ***Cross-Acceleration*:** (A) any failure to pay upon final maturity when due or, as the case may be, within any originally applicable grace period, the principal of any Indebtedness of the Issuer, any Guarantor or any of their respective Subsidiaries, (B) any other present or future Indebtedness of the Issuer, any Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described) or (C) any failure to pay any amount payable by the Issuer, any Guarantor or any of their respective Subsidiaries under any guarantee or indemnity in respect of any Indebtedness of any other Person thereof, when such amount is due; provided that, no such event set forth in (A), (B) or (C) of this Condition 9(c) shall constitute an Event of Default unless the aggregate outstanding Indebtedness to which all such events relate exceeds US$60,000,000 (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank selected by the Issuer on the day on which this paragraph operates); *provided* further, prior to the Restructuring, any such outstanding Indebtedness of any NPA Subsidiary shall be excluded for the purposes of this Condition 9(c); or

(d) ***Judgments, Enforcement Proceedings and Security Enforced***: (i) any failure by the Issuer or any Guarantor or any of their respective Subsidiaries to pay one or more final judgments from a court of competent jurisdiction, with an aggregate amount in excess of US$60,000,000 (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank selected by the Issuer on the day on which this paragraph operates), which judgments are not paid, discharged or stayed for a period of 30 days; provided that, prior to the Restructuring, this Condition 9(d) (i) shall not apply to any such final judgement in connection with the NPA Operations; or (ii) (x) a distress, attachment, execution, any other legal process is levied, enforced or sued out on or against, or (y) any mortgage, charge, pledge, lien or other encumbrance, present or future, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person), in each case with respect to, all or substantially all of the property, assets or revenues of the Issuer, any Guarantor or any of the Principal Subsidiaries, as the case may be, and is not discharged or stayed within 60 days; *provided* that, prior to the Restructuring, this Condition 9(d)(ii) shall not apply to any such property, assets or revenues of the NPA Operations; or

(e) ***Insolvency*:** a decree or order is entered (i) for relief in respect of the Issuer, any Guarantor or any Principal Subsidiary in an involuntary case of winding-up or bankruptcy proceeding under applicable law, or (ii) adjudging the Issuer, any Guarantor or any Principal Subsidiary bankrupt or insolvent, or (iii) seeking reorganisation, winding up, arrangement, adjustment or composition of or in respect of the Issuer, any Guarantor or any Principal Subsidiary under applicable law, or (iv) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer, any Guarantor or any Principal Subsidiary or of any substantial part of any of their properties, or ordering the winding up or liquidation of any of their affairs, and any such decree or order remains unstayed and in effect for a period of 60 consecutive days or more, *provided* that, prior to the Restructuring, a NPA Subsidiary shall not be deemed to be a Principal Subsidiary for the purpose of this Condition 9(e); or

(f) ***Winding-up*:** the Issuer, any Guarantor or any Principal Subsidiary institutes a voluntary case or proceeding under applicable bankruptcy, insolvency, reorganisation or similar law, or any other case or proceedings to be adjudicated bankrupt or insolvent, or the Issuer, any Guarantor or any Principal Subsidiary files a petition or answer or consent seeking reorganisation or relief under applicable bankruptcy, insolvency, reorganisation or similar law, or consents to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any of the Issuer, any Guarantor or any Principal Subsidiary or of all or substantially all of its property, or makes an assignment for the benefit of creditors, or takes corporate action in furtherance of any such action, except in each case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders or (ii) whereby the assets or undertakings of such Subsidiary are vested in or otherwise transferred to the Issuer, any Guarantor or any Principal Subsidiary, *provided* that, prior to the Restructuring, a NPA Subsidiary shall not be deemed to be a Principal Subsidiary for the purpose of this Condition 9(f); or

(g) ***Analogous Events*:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d)(ii) to 9(f) (all inclusive); or

(h) ***Authorisation and Consents*:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and each Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(i) ***Illegality*:** it is or will become unlawful for any of the Issuer or any Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds or the Trust Deed; or

(j) ***Unenforceability of Guarantee*:** except as permitted under the Trust Deed, any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or any Guarantor.

"**NPA Operations**" shall mean the commercial and policy non-performing assets management operations of China Orient Asset Management Corporation insofar as carried out by COAMI or any of its Subsidiaries.

"**NPA Subsidiary**" at any time shall mean a Subsidiary of COAMI that is acquired as part of its NPA Operations.

"**Principal Subsidiary**" at any time shall mean a Subsidiary of COAMI:

(i) as to which one or more of the following conditions is/are satisfied: (a) its net profit or (in the case of a Subsidiary of the COAMI which has Subsidiaries) or consolidated net profit attributable to COAMI (in each case before taxation and exceptional items) is at least 10 per cent. of the consolidated net profit of COAMI (before taxation and exceptional items); or (b) its net assets or (in the case of a Subsidiary of the COAMI which has Subsidiaries) consolidated net assets attributable to COAMI (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent. of the consolidated net assets (after deducting minority interests in Subsidiaries) of COAMI, all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary of COAMI and the then latest audited consolidated financial statements of COAMI; *provided* that: (1) in the case of a Subsidiary of COAMI acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts; (2) if, in the case of a Subsidiary of COAMI which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the accounts of a Subsidiary of COAMI (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Company then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if COAMI requires, be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the audited consolidated accounts of COAMI and its Subsidiaries; or (ii) to which is transferred all or substantially all of the assets of a Subsidiary of COAMI which immediately prior to the transfer was a Principal Subsidiary; provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (i) above).

"**Restructuring**" shall mean the completion of the reorganisation of China Orient Asset Management Corporation into a joint stock company with the approval of the State Council of the PRC, as confirmed by and provided to the Trustee (i) an officer's certificate of COAMI and (ii) a legal opinion by a law firm of recognized international standing.

10. **Prescription**

Claims against the Issuer and any Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar and/or the relevant Transfer Agent may require (provided that, the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. **Meetings of Bondholders, Modification and Waiver**

(a) ***Meetings of Bondholders***: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest or premium (if any) is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantees (other than in accordance with their respective terms), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) ***Modification of Trust Deed***: The Trustee may, but is not obligated to, agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. **Enforcement**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or any Guarantor as it may think fit to enforce the terms of the Trust Deed and/or the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any Guarantor and any entity related to the Issuer and any Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, any Guarantor and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has actual knowledge or written notice from the Issuer or any Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation, opinion or certificate or any advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion, or certificate or advice and such report, confirmation, opinion, or certificate or advice shall be binding on the Issuer, the Guarantors, the Trustee and the Bondholders.

15. **Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, issue price and amount of the first payment of interest on them and, to the extent necessary, certain transfer restrictions as a result of applicable securities law) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

16. **Notices**

Notices to Bondholders will be valid if (i) made in writing in English and mailed to them by uninsured mail at the Issuer’s expense at their addresses which appear in the Register maintained by the Registrar; or (ii) published at the Issuer’s expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by a Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Bonds expressly provide for such Act to apply to any of their terms.

18. Governing Law and Jurisdiction

(a) ***Governing Law***: The Trust Deed, the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) ***Jurisdiction***: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Guarantees and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantors irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) ***Service of Process***: The Issuer has in the Trust Deed irrevocably appointed DXHK at 6805-6806A, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

(d) ***Waiver of Immunity***: To the extent that the Issuer or any Guarantor may in any jurisdiction claim for itself or its property immunity from any Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Issuer or any Guarantor or its property such immunity (whether or not claimed), the Issuer or any Guarantor, as the case may be, hereby irrevocably agrees not to claim and hereby irrevocably waives and will waive such immunity in the face of the courts.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions of the Bonds (the "Terms and Conditions of the Bonds") set out in this Offering Circular have the same meaning in the paragraphs below.

The Bonds will be represented initially by beneficial interests in a Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to, or to the order of, the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if (1) if the Global Certificate is held on behalf of Euroclear or Clearstream or any alternative clearing system (the "Alternative Clearing System") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of statutory holidays) or announces an intention permanently to cease business or does in fact do so or (2) if the principal in respect of any Bonds is not paid when due and payable. In such circumstances, the Issuer will cause sufficient individual definitive certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Notices: So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, any notice to holders of the Bonds shall be validly given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by the relevant clearing system to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds and shall be deemed to have been given on the date of delivery to such clearing system.

Meetings: For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Bonds.

Bondholder's Redemption: The Bondholder's redemption option in Condition 6(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

Issuer's Redemption: The option of the Issuer provided for in Conditions 6(b) and 6(d) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that the Terms and Conditions of the Bonds.

Transfers: Transfers of the beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear or Clearstream or any Alternative Clearing System and their respective participants in accordance with the rules and operating procedures of Euroclear or Clearstream or any Alternative Clearing System and their respective participants.

Cancellation: Cancellation of any Bond represented by the Global Certificate which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Bonds in the register of holders of the Bonds and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the Global Certificate.

Meetings: For the purposes of any meeting of holders of the Bonds, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of holders of the Bonds and as being entitled to one vote in respect of each integral currency unit of the currency of the Bonds.

Trustee's Powers: In considering the interests of holders of the Bonds in circumstances where the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Global Certificate and (b) consider such interests on the basis that such accountholders were the holder of the Global Certificate.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to US dollars was generally stable. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and US dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of the published central parity of the US dollar on that day, instead of 2 per cent. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the US dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies.

The following table sets forth the noon buying rates for US dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Noon Buying Rate			
	Low	Average(1)	High	Period End
	(RMB per US$1.00)			
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2221	6.2990	6.3879	6.2301
2013	6.0537	6.1412	6.2438	6.0537
2014	6.0402	6.1704	6.2591	6.2046
2015	6.1870	6.2869	6.4896	6.4778
2016				
March	6.4480	6.5027	6.5500	6.4480
April	6.4571	6.4754	6.5004	6.4738
May	6.4738	6.5259	6.5798	6.5798
June	6.5590	6.5892	6.6481	6.6459
July	6.6371	6.6771	6.7013	6.6371
August	6.6239	6.6446	6.6778	6.6776
September (through September 2)	6.6713	6.6752	6.6790	6.6790

Note:

(1) Averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or the average for a period are calculated by using the average of the daily exchange rates during the relevant month or period.

On 31 December 2015, the noon buying rate for US dollars in New York City for cable transfers in Renminbi was US$1.00 to RMB6.4778 as set forth in the H.10 statistical release of the Federal Reserve Board.

HONG KONG

The Basic Law of Hong Kong (the "Basic Law"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong. The Hong Kong dollar is freely convertible into other currencies, including the US dollar. Since 17 October 1983, the Hong Kong dollar has been pegged to the US dollar at the rate of HK$7.80 to US$1.00. The central element in the arrangements that gave effect to the peg is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks (i.e. HSBC, Standard Chartered Bank and Bank of China), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in US dollars, at the fixed exchange rate of HK$7.80 to US$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent US dollars at the fixed rate.

The market exchange rate of the Hong Kong dollar against the US dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate that applies to the issue of the Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated materially from the level of HK$7.80 to US$1.00 since the peg was first established. In May 2005, the Hong Kong Monetary Authority broadened the 22-year old trading band from the original rate of HK$7.80 to US$1.00 to a rate range of HK$7.75 to HK$7.85 to US$1.00. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the US dollar. However, no assurance can be given that the Hong Kong government will maintain the link within the range of HK$7.75 to HK$7.85 per US$1.00, or at all, or will not in the future impose exchange controls.

The following table sets forth the noon buying rates for US dollars in New York City for cable transfers payable in Hong Kong dollars as certified by the Federal Reserve Bank of New York for customs purposes for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Noon Buying Rate			
	Low	**Average[(1)]**	**High**	**Period End**
	(RMB per US$1.00)			
2010	7.7501	7.7692	7.8040	7.7810
2011	7.7634	7.7793	7.8087	7.7663
2012	7.7493	7.7569	7.7699	7.7507
2013	7.7503	7.7565	7.7654	7.7539
2014	7.7495	7.7554	7.7669	7.7531
2015	7.7495	7.7519	7.7686	7.7507
2016				
March	7.7528	7.7604	7.7745	7.7563
April	7.7537	7.7556	7.7570	7.7570
May	7.7582	7.7635	7.7689	7.7689
June	7.7568	7.7620	7.7709	7.7591
July	7.7540	7.7568	7.7588	7.7588
August	7.7530	7.7560	7.7609	7.7568
September (through September 2)	7.7555	7.7563	7.7570	7.7555

Note:

(1) Averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or the average for a period are calculated by using the average of the daily exchange rates during the relevant month or period.

On 31 December 2015, the noon buying rate for US dollars in New York City for cable transfers in Hong Kong dollars was US$1.00 to HK$7.7507 as set forth in the H.10 statistical release of the Federal Reserve Board.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

Under existing British Virgin Islands law:

(i) the Issuer, all interest and other amounts, if any, paid by the Issuer to persons who are not resident in the British Virgin Islands and any capital gains realised with respect to the Bonds by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Ordinance in the British Virgin Islands;

(ii) no estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations (including the Bonds) of the Issuer;

(iii) all instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of debt obligations (including Bonds) of the Issuer are exempt from payment of stamp duty in the British Virgin Islands, this assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands; and

(iv) there are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to either the Issuer or the Bondholders.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, from the carrying on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation - PRC" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income. See "Risk Factors — Under the Enterprise Income Tax Law, the Issuer or a Guarantor may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences to the Issuer and its non-PRC Bondholders.". If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer or any Guarantor is within the territory of PRC, the Issuer or the relevant Guarantor may be deemed to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of this Offering Circular, none of the Issuer and the Guarantors has been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer or any Guarantor will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, in the event the Issuer or any Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, such Issuer or Guarantor may be required to withhold income tax from the payments of interest in respect of the Bonds or under the Guarantee, as the case may be, to any non-PRC Bondholder. In addition, if the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, gain from the disposition of the relevant Bonds may be subject to PRC tax, if the income or gain is treated as PRC-sourced. The tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individual Bondholders.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the NDRC Notice, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Notice abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;

- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;

- simplify the filing and registration of the issuance of foreign debts by enterprises; and

- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Notice, "foreign debts" means RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Notice .

Pursuant to the NDRC Notice, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details. The NDRC shall decide whether to accept an application within five PRC working days of receipt and shall issue a Certificate for Filing and Registration of the Issuance of Foreign Debts by Enterprises within seven PRC working days of accepting the application.

To issue foreign debts, an enterprise shall meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;

- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and

- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Notice, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. When the limit of the overall size of foreign debts has been exceeded, the NDRC shall make a public announcement and shall no longer accept applications for filing and registration.

According to the NDRC Notice, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as “One Belt and One Road”, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment.

As the NDRC Notice is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

Pursuant to the NDRC Notice, DXHK has caused the issuance of the Bonds to be registered with the NDRC and obtained a certificate from the NDRC on 6 September 2016 evidencing such registration. DXHK intends to cause relevant information in connection with the Bonds to be reported to the NDRC within ten PRC business days after the Issue Date.

SUBSCRIPTION AND SALE

The Issuer and the Guarantors have entered into a subscription agreement with Dongxing Securities (Hong Kong) Company Limited, BOCI Asia Limited, Standard Chartered Bank, ABCI Capital Limited, Bank of China Limited, CEB International Capital Corporation Limited, China Citic Bank International Ltd., China Minsheng Banking Corp., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Ltd. as the Joint Lead Managers dated 20 September 2016 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to each Joint Lead Manager, and each Joint Lead Manager has agreed, severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the principal amounts of the Bonds set forth opposite their respective names in the following table:

	Principal amount of the Bonds
	(US$)
Dongxing Securities (Hong Kong) Company Limited	100,000,000
BOCI Asia Limited	156,400,000
Standard Chartered Bank	27,600,000
ABCI Capital Limited	2,000,000
Bank of China Limited	2,000,000
CEB International Capital Corporation Limited	2,000,000
China Citic Bank International Ltd.	2,000,000
China Minsheng Banking Corp., Ltd. Hong Kong Branch	2,000,000
Guotai Junan Securities (Hong Kong) Limited	2,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	2,000,000
Shenwan Hongyuan Securities (H.K.) Ltd.	2,000,000
Total	300,000,000

The Subscription Agreement provides that the Issuer and the Guarantors will jointly and severally indemnify the Joint Lead Managers and their respective subsidiaries, affiliates, any person who controls any of them or any of its or their respective directors, officers, employees or agents against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

None of the Issuer, the Guarantors or any of their respective subsidiaries, shall, for a period of 30 days after the date on which the Bonds are issued, without the prior written consent of the Joint Lead Managers, offer, sell, contract to sell, pledge or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Issuer, the Guarantors or any of its subsidiaries, directly or indirectly, or announce the offering, of any debt securities issued by the Issuer, the Guarantors or any of their respective subsidiaries, having a tenor of more than one year (other than the Bonds, any domestic debt securities to be offered or sold within the PRC, and any loans, including bilateral or syndicated loans or club deals).

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("Banking Services and/or Transactions"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantors for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantors, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantors, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds and an active trading market for the Bonds may not develop. See "Risk Factors — Risks Relating to the Bonds and the Guarantees — A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds". The Issuer, the Guarantors and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantors, including the Bonds. The Joint Lead Managers or certain of their respective affiliates that have a lending relationship with the Issuer and/or any Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantors consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's and/or the Guarantors' securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby.

The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantors, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, BOCI Asia Limited (the "Stabilising Manager") or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer or the Guarantors. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

General

The Bonds are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of, or any trading market for, the Bonds.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer and the Guarantors in such jurisdiction.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each of the Joint Lead Managers has, severally and not jointly, represented and agreed that it has not offered or sold, and will not offer or sell, any Bonds to, or for the account or benefit of, U.S. persons (as defined in Regulation S) (x) as part of its initial distribution of the Bonds or (y) otherwise until 40 days after the later of the commencement of the offering and the date of the closing of the offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer, any Guarantor or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance.

British Virgin Islands

The Bonds are not being offered to members of the public in the British Virgin Islands.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act") and, accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. *Clearing Systems:* The Bonds will be lodged and cleared through Euroclear and Clearstream with Common Code of 149262989 and ISIN of XS1492629891 for the Bonds.

2. *Authorisations:* The Issuer has obtained all necessary consents, approvals and authorisations in connection with the execution, issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 7 September 2016. The Guarantors have obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the relevant Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by the resolutions of the board of directors of DXHK and COAMI on 2 September 2016 and 20 September 2016, respectively.

3. *No Material Adverse Change:* Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Guarantors and the Group as a whole since 31 December 2015. Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer since its date of incorporation.

4. *Litigation:* Save as disclosed in this Offering Circular, none of the Issuer or the Guarantors is involved in any litigation or arbitration proceedings that the Issuer or the Guarantors as the case may be, believes are material in the context of the issuance of the Bonds, nor is any of the Issuer or the Guarantors aware that any such proceedings are pending or threatened.

5. *Available Documents:* Copies of the following documents will be available for inspection from the Issue Date at the specified office of the Principal Paying Agent at Level 52 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong during normal business hours, so long as any of the Bonds is outstanding:

   (1) the audited financial statements of DXHK as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015;

   (2) the audited consolidated financial statements of COAMI as at and for the years ended 31 December 2015;

   (3) the Agency Agreement for the Bonds;

   (4) the Trust Deed for the Bonds;

   (5) the Memorandum and Articles of Association of the Issuer; and

   (6) the Articles of Association of the Guarantors.

6. *Financial Statements:*

   The audited financial statements of DXHK as at 31 December 2015 and for the period from 17 July 2015 (date of incorporation) to 31 December 2015 included in this Offering Circular have been audited by Deloitte Touche Tohmatsu, as stated in its report appearing herein.

   The audited consolidated financial statements of COAMI as at and for the year ended 31 December 2015 included in this Offering Circular have been audited by Deloitte Touche Tohmatsu, as stated in its report appearing herein. The consolidated financial statements of COAMI as at and for the year ended 31 December 2015 included comparative numbers as at and for the year ended 31 December 2014, which comparative numbers were audited by PricewaterhouseCoopers, the prior auditor of COAMI.

The audited consolidated financial statements of Dongxing Securities as at and for the years ended 31 December 2014 and 2015 have been audited by Ruihua, and an English translation of such consolidated financial statements has been prepared and included in this Offering Circular for reference only. See "About Dongxing Securities" on page iii.

7. *Listing of the Bonds:* Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. It is expected that dealing in, and listing of, the Bonds on the SGX-ST will commence on 28 September 2016. Listing and quotation of the Bonds on the Official List of the SGX-ST is conditional upon satisfaction of the requirements of such exchange. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies or the Bonds.

   For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

INDEX TO FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS OF DXHK AS AT 31 DECEMBER 2015 AND FOR THE PERIOD FROM 17 JULY 2015 TO 31 DECEMBER 2015[1]

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF COAMI FOR THE YEAR ENDED 31 DECEMBER 2015[1]

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DONGXING SECURITIES AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015[1][2]

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF DONGXING SECURITIES AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014[1][2]

Note:

(1) The independent auditor's reports on the financial statements of DXHK and the consolidated financial statements of COAMI and Dongxing Securities set out herein are reproduced from DXHK's financial statements for the period from 17 July 2015 to 31 December 2015, COAMI's consolidated financial statements for the year ended 31 December 2015 and Dongxing Securities's consolidated financial statements for the years ended 31 December 2014 and 2015, respectively. Page references included in the respective independent auditor's reports refer to pages set out in such audited financial statements or consolidated financial statements.

(2) The audited consolidated financial statements of Dongxing Securities as at and for the years ended 31 December 2014 and 2015 have only been prepared in Chinese, and an English translation of such consolidated financial statements has been prepared by Ruihua and included in this Offering Circular for reference only. Should there be any inconsistency between the consolidated financial statements of Dongxing Securities in Chinese and the English translation of such consolidated financial statements, the consolidated financial statements of Dongxing Securities in Chinese shall prevail. The English translation of the consolidated financial statements of Dongxing Securities does not itself constitute audited or reviewed financial statements, and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in, the consolidated financial statements of Dongxing Securities in Chinese. None of the Issuer, the Guarantors and the Joint Lead Managers nor their respective affiliates, directors, officers, employees, agents and advisers have independently verified or checked the accuracy of the English translation of the consolidated financial statements of Dongxing Securities and can give no assurance that the information contained in such English translation is accurate or complete.

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司

DIRECTORS' REPORT

The directors present their first report and the audited financial statements of the Company for the period from 17 July 2015 (date of incorporation) to 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding but it has not commenced business in the current period.

RESULTS

The results of the Company for the period from 17 July 2015 (date of incorporation) to 31 December 2015 are set out in the statement of profit or loss and other comprehensive income on page 5.

SHARE CAPITAL

At the date of incorporation, 10,000 ordinary share was issued at HK$10,000 to the subscriber to provide the initial capital to the Company.

Details of the movement during the period are set out in note 12 to the financial statements.

DIRECTORS

The directors during the period and up to the date of this report were:

TAN Shihao	(appointed on 17 July 2015)
CHEN Hai	(appointed on 17 July 2015)
XU Xueli	(appointed on 17 July 2015)
HU Shaozeng	(appointed on 17 July 2015)
ZHANG Jun	(appointed on 17 July 2015)

There being no provision to the contrary in the Company's Articles of Association, the directors continue in office.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY OF DIRECTORS

At no time during the period or up to the date of this report, there was any permitted indemnity provision being in force for the benefit of the directors of the Company.

AUDITOR

Messrs. Deloitte Touche Tohmatsu was appointed as the first auditor of the Company to hold office until the conclusion of the next general meeting.

A resolution will be submitted to the annual general meeting to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board,

TAN SHIHAO
DIRECTOR
12 SEP 2016

Deloitte.
德勤

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF
DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Dongxing Securities (Hong Kong) Financial Holdings Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income and statement of changes in equity for the period from 17 July 2015 (date of incorporation) to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE MEMBER OF
DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED - continued
東興證券(香港)金融控股有限公司
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance for the period from 17 July 2015 (date of incorporation) to 31 December 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 September 2016

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 17 JULY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

	NOTES	HK$
Operating lease rental in respect of office		(2,227,000)
Staff cost		(2,083,335)
Recruitment cost		(773,721)
Other expenses		(455,243)
Loss before taxation	7	(5,539,299)
Taxation	8	-
Loss and total comprehensive expense for the period		(5,539,299)

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	HK$
Non-current assets		
Property and equipment	9	5,638,165
Deposits	10	4,976,863
		10,615,028
Current assets		
Amount due from immediate holding company	11	10,000
Amount due from a fellow subsidiary	11	705,000
		715,000
Current liabilities		
Accruals		870,570
Amount due to a fellow subsidiary	11	15,988,757
		16,859,327
Net current liabilities		(16,144,327)
		(5,529,299)
Deficit		
Share capital	12	10,000
Accumulated loss		(5,539,299)
		(5,529,299)

The financial statements on pages 5 to 19 were approved and authorised for issue by the Board of Directors on 12 SEP 2016 and are signed on its behalf by:

TAN SHIHAO
DIRECTOR

CHEN HAI
DIRECTOR

DONGXING SECURITIES (HONG KONG) FINANCIAL HOLDINGS LIMITED
東興證券(香港)金融控股有限公司

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 17 JULY 2015 (DATE OF INCORPORATION)
TO 31 DECEMBER 2015

	Share capital HK$	Accumulated loss HK$	Total HK$
Issue of share at date of incorporation	10,000	-	10,000
Loss and total comprehensive expense for the period	-	(5,539,299)	(5,539,299)
At 31 December 2015	10,000	(5,539,299)	(5,529,299)

1. GENERAL

The Company is a private limited company incorporated in Hong Kong. The Company's immediate holding company is Dongxing Securities Co., Ltd. 東興証券股份有限公司, a company incorporated in the People's Republic of China (the "PRC") with its shares listed on Shanghai Stock Exchange. The Company's ultimate holding company is China Orient Asset Management Corporation, which is incorporated in the PRC and is formed under the authorisation of the State Council and the People's Bank of China. The address of the registered office and the principal place of business of the Company is Room 6805-6806A, 68th Floor, International Commerce Centre, 1 Austin Road, Kowloon, Hong Kong.

The principal activity of the Company is investment holding but it has not commenced business in current period.

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

A statement of cash flows is not presented as all the transactions of the Company were dealt with through current accounts with group companies, details of such transactions are set out in notes 12 and 14.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis because the Company's immediate holding company has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due in the foreseeable future.

3. NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") IN ISSUE BUT NOT YET EFFECTIVE

The Company has not early applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKAS 27	Equity method in separate financial statements[2]

3. NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") IN ISSUE BUT NOT YET EFFECTIVE - continued

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidated exception[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[1]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2016.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2019.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Company's recognition of right-of-use assets and corresponding liabilities in respect of many of the Company's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these financial statements. As set out in note 13, total operating lease commitment of the Company in respect of office premise as at 31 December 2015 amount to HK$16,780,800. The director of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Company's result but it is expected that certain portion of these commitments will be required in statement of financial position as right-of-use assets and lease liabilities

Except for above, the directors of the Company anticipate that the application of the new and revised HKFRSs issued but not yet effective will have no material impact on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Property and equipment

Property and equipment held for use for own use or for administrative purposes are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss if any.

Depreciation is recognised so as to write off the cost of property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress is carried at cost, less any recognised impairment loss. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment losses

At the end of the reporting period, the Company reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment losses – continued

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'loss before taxation' as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax are recognised in profit or loss.

Retirement benefit cost

Payments to defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The aggregate benefit of lease incentives for operating leases are recognised as a reduction of rental expense on a straight-line basis.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits and amounts due from immediate holding company and a fellow subsidiary) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liability

The Company's financial liability including amount due to a fellow subsidiary is subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt (i.e. amount due to a fellow subsidiary) and equity attributable to owners of the Company comprising issued share capital, set off with accumulated loss.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through issue of new shares as well as issue of new debts.

6. FINANCIAL INSTRUMENT

Categories of financial instruments

	HK$
Financial assets	
Loans and receivables	732,100
Financial liability	
Amortised cost	15,988,757

Financial risk management objectives and policies

The Company's financial instrument includes deposits, amounts due from immediate holding company and a fellow subsidiary and amount due to a fellow subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments are liquidity risk and credit risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Company's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations as at 31 December 2015 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position. In order to minimise the credit risk, the directors has set up monitoring procedures to obtaining financial information of the counterparties to assess the credibility of the counterparties. In this regards, the directors consider that the Company's credit risk are significantly reduced.

Liquidity risk

The Company is exposed to minimal liquidity risk as immediate holding company has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due in the foreseeable future.

Amount due to a fellow subsidiary is non-interest bearing. The carrying amount of the financial liability of the Company represents the undiscounted cash flow the Company is required to pay on demand.

Fair value

The directors consider the carrying amounts of the Company's financial instruments carried at amortised costs in the financial statements approximate their fair values.

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	HK$
Depreciation	4,403
Auditor's remuneration	-
Directors' remuneration	-
Other staff cost	
Salaries and allowance	1,898,625
Contribution to retirement benefits scheme	18,300
Other compensation (Note)	166,410
	2,083,335

Note: Amount represents payment in lieu of notice made on behalf of certain employees for early termination of employment with their previous employers.

8. TAXATION

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong for the period. As at 31 December 2015, no provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the period.

Taxation for the period can be reconciled to the loss before taxation per the statement of profit or loss and other comprehensive income as follows:

	HK$
Loss before taxation	(5,539,299)
Tax at Hong Kong Profits Tax rate of 16.5%	(913,984)
Tax effect of tax loss not recognised	913,984
Taxation	-

At 31 December 2015, the Company had estimated unused tax loss of approximately HK$5,539,000 available for offset against future profits. No deferred tax assets has been recognised in respect of such loss due to unpredictability of future profit streams. The unrecognised tax loss may be carried forward indefinitely.

9. PROPERTY AND EQUIPMENT

	Computer equipment HK$	Furniture and fixtures HK$	Construction in progress HK$	Total HK$
COST				
At 17 July 2015 (date of incorporation)	-	-	-	-
Addition	1,068,023	432,196	4,142,349	5,642,568
At 31 December 2015	1,068,023	432,196	4,142,349	5,642,568
ACCUMULATED DEPRECIATION				
At 17 July 2015 (date of incorporation)	-	-	-	-
Charge for the period	4,403	-	-	4,403
At 31 December 2015	4,403	-	-	4,403
CARRYING AMOUNTS				
At 31 December 2015	1,063,620	432,196	4,142,349	5,638,165

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Computer equipment	20%
Furniture and fixtures	20%

10. DEPOSITS

Included in deposits are rental deposit of HK$2,997,171 and deposits for the acquisition of property and equipment of HK$1,962,692.

11. AMOUNTS DUE FROM/TO RELATED COMPANIES

The balances are unsecured, non-interest bearing and repayable on demand. The amount due from a fellow subsidiary has been repaid subsequent to 31 December 2015.

12. SHARE CAPITAL

	HK$
Issued and fully paid:	
10,000 ordinary share with no par value	10,000

At the date of incorporation, 10,000 ordinary shares were issued at HK$10,000 to the subscriber to provide the initial capital to the Company. The amount was settled through current account with immediate holding company.

13. COMMITMENTS

At the end of the reporting period, the Company had commitment for future minimum lease payment under non-cancellable operating lease in respect of leasehold land and buildings which fall due as follows:

	HK$
Within one year	6,292,800
In the second to fifth year inclusive	10,488,000
	16,780,800

Operating lease payment represents rental payable by the Company for its office. Lease is negotiated for a term of 3 years and rental is fixed for the period.

14. RELATED PARTY TRANSACTIONS

The balances with related parties are set out disclosed in the statement of financial position on page 6 and the terms of such balances are set out in note 11.

During the period, the purchase considerations of property and equipment, payment for deposits and expenses were paid on behalf of the Company by a fellow subsidiary, which were regarded as non-cash transactions.

15. EVENT AFTER THE REPORTING PERIOD

(i) On 15 March 2016, the Company issued 299,990,000 ordinary shares to the existing shareholder for a consideration of HK$299,990,000. The new shares rank pari passu with the existing shares in all respects.

(ii) During the period, the Company entered into a capital injection agreement with China Orient Asset Management (International) Holding Limited ("COAMI"), a fellow subsidiary, for the subscription of 70% equity interest in Dongxing Securities (Hong Kong) Company Limited ("DSHKC", formerly known as China Orient International Capital Limited) by way of capital injection of HK$23,958,613 in cash into DSHKC. COAMI became the non-controlling interest of DSHKC after the capital injection. The consideration was determined based on the total equity of DSHKC as at 31 December 2014 and the difference between the amount of capital injection and the amount of net assets acquired is considered as deemed shareholder's contribution arising on acquisition and recognised directly in reserve. The principal activity of DSHKC is to provide corporate finance advisory services. The acquisition was completed on 14 February 2016.

Consideration transferred

	HK$'000
Cash	23,959

Assets and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Net assets recognised:	
Amounts due from fellow subsidiaries	1,992
Bank balances and cash	16,322
Amounts due to fellow subsidiaries	(2,750)
Amounts due to a shareholder	(3,654)
Tax payable	(300)
Net assets before capital injection	11,610
Capital injection by the Company	23,959
Net assets after capital injection	35,569

Deemed shareholder's contribution arising on acquisition:

	HK$'000
Consideration transferred	23,959
Plus: non-controlling interest (30% in DSHKC)	10,671
Less: recognised amounts of net assets acquired	(35,569)
	(939)

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理 (国际) 控股有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Orient Asset Management (International) Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 72, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED - continued
中国东方资产管理 (国际) 控股有限公司
(incorporated in Hong Kong with limited liability)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 20 April 2015.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$	2014 HK$
Revenue	7	2,840,980,135	3,132,177,939
Cost of services	8	(2,018,750,217)	(1,836,770,197)
		822,229,918	1,295,407,742
Other income	9	419,396,817	406,599,613
Administrative expenses		(340,303,156)	(356,465,883)
Other gains and losses	9	65,848,511	1,061,353,729
Share of results of associates and joint ventures		111,705,869	110,457,633
Profit before taxation		1,078,877,959	2,517,352,834
Taxation	10	(344,882,920)	(292,810,943)
Profit after taxation		733,995,039	2,224,541,891
Share of losses (profits) by non-controlling interests (being classified as financial liabilities)		36,695,965	(46,370,577)
Profit for the year from discontinued operation	28	1,396,787,225	-
Profit for the year	11	2,167,478,229	2,178,171,314
Profit attributable to:			
Owners of the Company		1,786,008,482	2,172,922,732
Non-controlling interests (being classified as equity)		381,469,747	5,248,582
		2,167,478,229	2,178,171,314

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK$	2014 HK$
Profit for the year	2,167,478,229	2,178,171,314
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(750,563,564)	(28,971,068)
Net (loss) gain arising on fair value changes of available-for-sale investments	(898,547,388)	710,651,014
Reclassification adjustment - transfer to profit or loss on impairment of available-for-sale investments	88,060,892	133,101,779
Share of other comprehensive income of associates and joint ventures	33,980,000	75,960,083
Other comprehensive (expense) income for the year, net of tax	(1,527,070,060)	890,741,808
Total comprehensive income for the year	640,408,169	3,068,913,122
Total comprehensive income attributable to:		
Owners of the Company	636,004,062	3,060,530,021
Non-controlling interests (being classified as equity)	4,404,107	8,383,101
	640,408,169	3,068,913,122

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理 (国际) 控股有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	2015 HK$	2014 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,575,179	7,290,501
Investment properties	14	2,924,706,354	-
Deferred tax assets	19	408,495,346	227,003,718
Other assets		150,000	150,000
Interests in associates	15	2,925,145,803	2,642,796,539
Interests in joint ventures	16	2,552,574,049	2,977,117,686
Available-for-sale investments	17	3,696,008,776	6,470,779,688
Loan and other receivables	21	3,076,275,241	10,563,925,085
		15,589,930,748	22,889,063,217
CURRENT ASSETS			
Financial assets at fair value through profit or loss	20	15,456,958,455	6,632,111,182
Loan and other receivables	21	12,965,591,852	13,585,357,900
Bank deposits with original maturity over three months	22	-	3,187,263,939
Bank balances and cash	22	4,155,202,292	5,680,284,369
		32,577,752,599	29,085,017,390
Assets classified as held for sale	28	20,680,115,000	-
		53,257,867,599	29,085,017,390
Total assets		68,847,798,347	51,974,080,607
CURRENT LIABILITIES			
Derivative financial liabilities	20	7,719,560	-
Other payables	23	9,620,202,247	10,046,835,776
Non-controlling interests (being classified as financial liabilities)	18	716,616,801	698,759,851
Borrowings	24	9,756,446,757	15,783,290,873
Tax payable		805,887,563	466,724,583
		20,906,872,928	26,995,611,083
Liabilities associated with assets classified as held for sale	28	14,510,998,021	-
		35,417,870,949	26,995,611,083
NET CURRENT ASSETS		17,839,996,650	2,089,406,307
TOTAL ASSETS LESS CURRENT LIABILITIES		33,429,927,398	24,978,469,524

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理 (国际) 控股有限公司

	NOTES	2015 HK$	2014 HK$
NON-CURRENT LIABILITIES			
Borrowings	24	458,446,875	-
Bond and notes payables	25	21,976,802,755	19,177,287,403
Other payables	23	1,385,199,075	-
Non-controlling interests (being classified as financial liabilities)	18	1,556,332,286	-
		25,376,780,991	19,177,287,403
NET ASSETS		8,053,146,407	5,801,182,121
CAPITAL AND RESERVES			
Share capital	26	2	2
Reserves		5,554,472,619	5,782,468,557
Equity attributable to owners of the Company		5,554,472,621	5,782,468,559
Perpetual capital securities	27	366,166,239	-
Non-controlling interests		2,132,507,547	18,713,562
Total equity		8,053,146,407	5,801,182,121

The consolidated financial statements on pages 5 to 72 were approved and authorised for issue by the Board of Directors on 10 June 2016 and are signed on its behalf by:

Zhong Guoxing
DIRECTOR

Shi Shuang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to						
	Ordinary shareholders						
	Share capital HK$	Other reserves HK$ (Note 33)	Retained earnings HK$	Sub-total HK$	Holder of perpetual capital securities HK$	Non-controlling interests HK$	Total equity HK$
Balance at 1 January 2014	2	307,963,793	2,413,974,743	2,721,938,538	-	10,330,461	2,732,268,999
Profit for the year	-	-	2,172,922,732	2,172,922,732	-	5,248,582	2,178,171,314
Other comprehensive income	-	887,607,289	-	887,607,289	-	3,134,519	890,741,808
Total comprehensive income	-	887,607,289	2,172,922,732	3,060,530,021	-	8,383,101	3,068,913,122
Balance at 31 December 2014	2	1,195,571,082	4,586,897,475	5,782,468,559	-	18,713,562	5,801,182,121
Profit for the year	-	-	1,786,008,482	1,786,008,482	-	381,469,747	2,167,478,229
Other comprehensive expense	-	(1,150,004,420)	-	(1,150,004,420)	-	(377,065,640)	(1,527,070,060)
Total comprehensive (expense) income	-	(1,150,004,420)	1,786,008,482	636,004,062	-	4,404,107	640,408,169
Dividend (Note 12)	-	-	(864,000,000)	(864,000,000)	-	-	(864,000,000)
Incorporation of non-wholly subsidiaries	-	-	-	-	-	76,269,127	76,269,127
Acquisition of a subsidiary (Note 29)	-	-	-	-	-	1,685,774,192	1,685,774,192
Capital injection by non-controlling shareholders of subsidiaries	-	-	-	-	-	347,346,559	347,346,559
Proceeds for issue of perpetual capital securities (Note 27)	-	-	-	-	366,166,239	-	366,166,239
Balance at 31 December 2015	2	45,566,662	5,508,905,957	5,554,472,621	366,166,239	2,132,507,547	8,053,146,407

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK$	2014 HK$
OPERATING ACTIVITIES		
Profit for the year	2,167,478,229	2,178,171,314
Adjustments for:		
Bank interest income	(111,613,358)	(60,195,571)
Tax charged	342,441,920	292,810,943
Loss on disposal of property, plant and equipment	248,000	211,290
Depreciation and amortisation	72,656,117	5,465,316
Gain on disposal of investment properties	(1,927,000)	-
Impairment of property under development and completed properties held-for-sale	92,368,000	-
Net exchange difference	-	(21,701,691)
Finance costs	2,487,292,579	1,703,257,664
Impairment losses on loan receivables and available-for-sale investments	998,602,960	727,813,222
Share of results of associates/joint ventures	93,136,525	(110,457,633)
Share of (loss) profits by non-controlling interests (being classified as financial liabilities)	(36,695,965)	46,370,577
Dividend income	(358,397,100)	(346,404,042)
Gain on disposal of subsidiaries	-	(1,640,298,319)
Gain on bargain purchases	(2,882,777,000)	-
Impairment loss on non-current asset classified as held-for-sale	762,295,000	-
Increase in fair value of financial assets at fair value through profit or loss and derivative financial liabilities	(502,610,120)	(109,736,856)
Operating cash flows before movements in working capital	3,122,498,787	2,665,306,214
Increase in properties under development and completed properties held-for-sale	(1,970,842,000)	-
Decrease in inventories	212,000	-
Decrease in deposits for properties under development	749,471,000	-
Decrease (increase) in loan and other receivables	5,166,797,476	(5,620,362,038)
Increase in financial assets at fair value through profit or loss	(8,283,877,222)	(4,715,358,730)
Increase in derivative financial liabilities	6,055,594	-
(Decrease) increase in other payables	(705,622,098)	6,682,050,669
Cash used in operations	(1,915,306,463)	(988,363,885)
Tax paid	(263,770,796)	(130,218,920)
NET CASH USED IN OPERATING ACTIVITIES	(2,179,077,259)	(1,118,582,805)

	2015 HK$	2014 HK$
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(5,703,031)	(5,650,059)
Proceeds on disposal of property, plant and equipment	94,000	16,712,142
Proceed on disposal of investment properties	20,061,000	-
Purchases of investment properties	(2,945,764,149)	-
Proceed on disposal of leasehold land premium	-	66,942,677
Purchases of available-for-sale investments	(23,133,279,877)	(693,194,031)
Proceed on disposal of available-for-sale investments	24,624,868,355	569,135,502
Proceeds on disposal of subsidiaries	-	1,668,483,462
Proceeds on disposal of joint ventures and associates	879,730,004	175,164,848
Investment in joint ventures and associates	(1,008,267,532)	(1,614,061,788)
Dividends received from associates	99,047,107	70,582,863
Dividends received from investments	456,468,737	346,404,042
Receipt of entrusted loan receivable	126,072,000	-
Bank interest received	111,613,358	60,195,571
Decrease (increase) in amounts due from related parties	1,206,233,863	(2,139,665,255)
Increase in pledged bank deposits	(403,082,000)	-
Net decrease (increase) in cash at bank with original maturity of over 3 months	3,187,263,939	(3,187,263,939)
Net cash used in acquisition of subsidiaries	(391,066,659)	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	2,824,289,115	(4,666,213,965)
FINANCING ACTIVITIES		
Finance costs paid	(2,806,747,906)	(1,703,257,664)
Advance from related parties	553,702,874	-
Repayment to non-controlling shareholders of subsidiaries	(994,326,000)	-
Proceeds from issuance of perpetual bonds	366,166,239	-
Capital injected from non-controlling shareholders of subsidiaries	423,615,686	-
New borrowings raised and net proceeds from issuance of bond payables	41,786,718,352	24,188,381,319
Repayment of borrowings	(41,585,482,770)	(15,335,705,331)
Net proceeds from issuance of asset-backed securities	1,248,415,333	-
Dividend paid to immediate holding company	(864,000,000)	-
Capital injected from interest holders of consolidated structured entities	1,610,885,201	652,389,274
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(261,052,991)	7,801,807,598

	2015 HK$	2014 HK$
NET INCREASE IN CASH AND CASH EQUIVALENTS	384,158,865	2,017,010,828
CASH AND CASH EQUIVALENTS AT 1 JANUARY	5,680,284,369	3,663,273,541
Effect of foreign exchange rate changes	(280,076,942)	-
	5,784,366,292	5,680,284,369
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY		
Bank balance and cash	4,155,202,292	5,680,284,369
Bank balance and cash included in a disposal group classified as held for sale	1,629,164,000	-
	5,784,366,292	5,680,284,369

1. GENERAL

China Orient Asset Management (International) Holding Limited (the "Company") is a limited liability company incorporated in Hong Kong. The Company's immediate holding company is Dong Yin Development (Holdings) Limited, a company incorporated in Hong Kong. The Company's ultimate holding company is China Orient Asset Management Corporation ("China Orient AMC"), a company registered in the Peoples' Republic of China (the "PRC") and formed under the authorisation of the State Council and the People's Bank of China. The Company's registered office and principal place of business are located at Room 4802, 48/F, Office Tower Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

The principal activities of the Group are provision of investment and corporate finance advisory services, asset management and investment holding. The principal activities of its subsidiaries are set out in note 32. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

In current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle

The application of the amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

Application of new and revised HKFRSs - continued

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" ("HKAS 39") are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 9 Financial instruments - continued

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company have reviewed the Group's financial assets as at 31 December 2015 and anticipate that the application of HKFRS 9 in the future may result in provision of expected credit losses on financial assets, impact on classification of financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 15 Revenue from contracts with customers - continued

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO but not under the new CO are not disclosed in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Business combinations - continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations". Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investments in associates and joint ventures - continued

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Structured entities

Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship. As the investing activities of the certain financial investments which the Group managed or invested in are through respective investment management and other agreements entered with investment manager or other parties, these investments are considered to be structured entities.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from corporate finance and financial advisory services is recognised in accordance with the terms of agreement for the underlying transactions when the relevant work or service has been rendered.

Revenue from sales of properties is recognised when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in current liabilities, and are separately stated in the consolidated statement of financial position as advances receipts from customers.

Rental income is recognised on a straight-line basis over the lease terms including rent free period.

Property management and agency fee income is recognised in the accounting period in which the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings held for use in production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Inventories

(a) *Properties under development*

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses. Development costs of properties comprises land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories - continued

(b) *Completed properties held-for-sale*

Completed properties held-for-sale are completed properties remaining unsold at the end of the reporting period and are stated at the lower of cost and net realisable values. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(c) *Other inventories*

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Retirement benefits costs

Payments to state-managed retirement benefits schemes and to the Mandatory Provident Fund Scheme which constitute defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables, available-for-sale investments and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Financial assets at FVTPL - continued

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan and other receivables, bank deposits with original maturity over three months and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as loans and other receivables, which are assessed not to be impaired individually are, in addition, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, an amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities at FVTPL - continued

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 6.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including other payables, borrowings and bond and notes payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment losses on assets other than goodwill (see the accounting policy in respect of goodwill above) - continued

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION ASSUMPTIONS

Key sources of estimation assumptions

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION ASSUMPTIONS - continued

Key sources of estimation assumptions - continued

(a) Impairment of financial assets

The determination of whether a financial asset is impaired requires significant judgement. In making the judgment, the Group evaluates, among other factors, if there is objective evidence that an impairment loss on loans and receivables on an individual basis, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognised in profit or loss.

(b) Income taxes and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Fair value of unlisted financial instruments

The Group holds financial instruments that are not listed and are not traded in active markets. The Group employs a number of valuation methods and makes assumptions that are based on market conditions existing at the reporting date. These investments are valued based on valuation techniques considered appropriate by the Group or valuation agent appointed by the Group, which may include an income approach using discounted cash flow models, referencing to recent comparable transactions and referencing to the underlying asset value of the financial instruments. These models may employ observable data where available and to the extent practicable. However, these models use unobservable data such as the projected cash flows of the relevant underlying assets, the risk premium for liquidity and credit risk, and other risks that are incorporated in to the valuation parameters. The valuation methods adopted by the Group may involve subjective judgment since the valuation approach may rely on certain assumptions which may not be based on readily observable market data.

The Group considers the above valuation approaches as the best estimate of the fair value of the all underlying investments. Actual transacted prices may differ from the fair value determined by the valuation techniques above.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION ASSUMPTIONS - continued

Critical judgment in applying the Group's accounting policy

(a) Functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors of the Company have considered the business activities and the primary economic environment in which the Group operates, and have determined that the functional currency of the Company is HK$ and the financial statements of the Group is presented in HK$.

(b) Venture capital organisation

In deciding classification and measurement of unlisted equity investment where the Group has significant influence over the investee, significant judgment is required in determining whether the Company is a venture capital organisation under HKAS 28 "Investment in Associates and Joint Venture". HKAS 28 allows the Company elects to measure its investment at fair value instead of accounting under equity method if the Company is a venture capital organisation. The Company considers it is a venture capital organisation as one of the Company's business activities is investing in unlisted investments and the Company aims to hold these investments for a medium-term for capital growth and would seek to exit upon expiration of the investment period. Consequently, the Company elects to classify this unlisted equity investment as financial assets at fair value through profit or loss and measured the investment on a fair value basis in accordance with HKAS 39.

(c) Investment classification

The Group invests in different assets, including equities, loans, interests in partnerships, unit trust and other collective investment vehicles. The Group may have certain voting power in these assets and may be able to exercise control, joint control or significant influence over these assets.

The Group applied critical judgment in determining the classification of these assets. The Group has assessed the voting rights owned by the Group and other owners of the assets, covering areas such as the scope of its decision-making over the relevant activities, rights held by investors and others, removal and liquidation rights, quorum of meetings, veto rights and other relevant factors related to decision-making power and has applied critical judgement in determining the classification of the assets into different categories including subsidiaries, joint ventures, associates and other financial assets (financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets). A substantial or majority ownership by the Group does not necessarily indicate that the Group has control, joint control or significant influence over these assets.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION ASSUMPTIONS - continued

Critical judgment in applying the Group's accounting policy - continued

(d) Control over a company which shares are listed in an active stock market (the "Company A")

As at 31 December 2015, the Group owns 48.16% equity interests in the Company A which shares are listed in an active stock market and principally engaged in property development business. The remaining 51.84% equity interests of the Company A are owned by independent third parties of the Group. The directors assessed whether or not the Group has control over the Company A based on whether the Group has the practical ability to direct the relevant activities of the Company A unilaterally. In making their judgement, the directors of the Company considered various factors which shows the Group has the right to direct the relevant activities; the rights to variable returns from its involvement with the Company A; and the ability to use its power to affect the returns from the Company A. On this basis, the directors of the Company concluded that the Group has control over the Company A. The Group is exposed to variable returns from its involvement with the Company A through its equity interest. As a result of the Group's equity interests in the Company A, the Group is exposed to a significant variable return on the Company A. Accordingly, the Company A and its subsidiaries are classified as subsidiaries of the Group in accordance with HKFRS10 "Consolidated Financial statements".

(e) Reclassification of the Company A to Assets Classified as Held for Sale and Liabilities Associated with Assets Classified as Held for Sale

The directors of the Company have reviewed the Group's investments in the Company A in the light of the memorandum of understanding signed during year ended 31 December 2015 expects that the Proposed Disposal (as defined in note 28) will be completed within one year from the date of signing the memorandum of understanding. Therefore, the assets and liabilities of the Company A have been classified as held for sale as at 31 December 2015.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with capital. The Group will balance its overall capital structure through issue of new debt and the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK$	2014 HK$
Financial assets (excluding assets classified as held for sale)		
Loans and receivables (including cash and cash equivalents)	20,184,002,692	33,000,549,030
Available-for-sale investments	3,696,008,776	6,470,779,688
FVTPL		
- held for trading	1,752,359,118	1,227,708,129
- designated as at FVTPL	13,704,599,337	5,404,403,053
Financial liabilities (excluding liabilities associated with assets classified as held for sale)		
Amortised cost	42,815,705,074	44,831,458,096
Derivative	7,719,560	-
Designated as at FVTPL		
- payables to interest holders of consolidated structured entities	2,272,949,087	698,759,851

Financial risk management objectives and policies

The Group's major financial instruments are available-for-sale investments, financial assets and liabilities at FVTPL, bank deposits with original maturity over three months, bank balances and cash, loans and other receivables, other payables, borrowings, bond and notes payables and payables to interest holders of consolidated structured entities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk from prior year.

Market risk

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, fixed-rate loan receivables, fixed-rate debt securities classified as available-for-sale financial assets, fixed-rate borrowings and fixed-rate bond payables as at 31 December 2015 and 2014.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and bank balances as at 31 December 2015 and 2014.

The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. In addition, the Group has concentration of risk on its variable-rate borrowings which expose the Group significantly towards the changes in Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR").

6. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Market risk - continued

Interest rate risk management - continued

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the potential effect on post-tax profit for the year is as follows:

	2015 HK$	2014 HK$
Increase in post-tax profit for the year	1,110,564	26,505,557

If interest rate had been 50 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the results for the year.

Foreign currency risk management

The major financial assets and liabilities of the Group that are denominated in currencies other than the functional currency of the respective group entities includes available-for-sales investments, loan and other receivables and financial assets at FVTPL, bank balances and cash and bond payables. Other than the items stated above, the directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase/decrease in the functional currency of respective group entities against the relevant foreign currencies. Since HK$ is pegged to US$, the management does not expect significant foreign currency exposure in relation to the exchange rate fluctuation between HK$ and US$ and therefore not included in the sensitivity analysis. The 5% (2014: 5%) change represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding monetary items denominated in Renminbi ("RMB") and Australian Dollars ("AUD") (2014: RMB), and adjusts their translations at the year end for a 5% (2014: 5%) change in RMB and AUD (2014: RMB) rate. A positive (negative) number below indicates an aggregate increase (decrease) in post-tax profit for the year where RMB and AUD (2014: RMB) strengthen 5% (2014: 5%) against the functional currency of respective group entities. For a 5% (2014: 5%) weakening of RMB and AUD (2014: RMB) against the functional currency of respective group entities, there would be an equal and opposite impact on the post-tax profit for the year.

	2015 HK$	2014 HK$
Decrease in post-tax profit for the year	(60,872,651)	(121,447,656)

6. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Market risk - continued

Other price risk management

As at 31 December 2015 and 2014, the Group is exposed to equity price risk through its available-for-sale equity investments and financial assets/ liabilities at FVTPL; and debt securities price risk through its investments in listed debentures.

The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risks are mainly concentrated on equity instruments quoted in the market. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity and debt price risks at the reporting date.

If the prices of the respective equity and debt instruments had been 10% higher/lower, assuming all other variables were held constant, the impact would be:

- post-tax profit for the year ended 31 December 2015 would increase/decrease by HK$263,513,000 as a result of the changes in fair value of held-for-trading investments; and

- investment revaluation reserve would increase/decrease by HK$16,128,000 as a result of the changes in fair value of available-for-sale investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations as at 31 December 2015 and 2014 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group has concentration of credit risk toward its loans receivables, amount due from immediate holding company and related parties, unlisted convertible bonds classified as financial assets designated at FVTPL and the credit default swap contracts entered by the Group. As at 31 December 2015, all loans receivables are from twenty-three third parties. In order to minimise the credit risk, the directors has set up monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at 31 December 2015, the Group's unlisted convertible bonds investments and credit default swap are due from eight and one independent third parties respectively. In order to minimise the credit risk, the directors has set up monitoring procedures to obtaining financial information of the counter-parties to assess the credibility of the counter-parties. In this regards, the directors consider that the Group's credit risk are significantly reduced. The Group has no concentration of credit risk in respect to its other receivables, with exposure spread over a number of counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to fulfill the normal liquidity needs and to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

Liquidity table

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from existing interest rate at the end of the reporting period.

	Less than 1 year HK$	1 year to 5 years HK$	Over 5 years HK$	Total undiscounted cash flow HK$	Carrying amount at 31 December HK$
2015					
Non-derivative financial liabilities					
Other payables	9,375,593,354	1,353,950,000	-	10,729,543,354	10,624,008,687
Borrowings	9,756,446,757	263,039,168	281,774,132	10,301,260,057	10,214,893,632
Bond and notes payables	-	18,042,525,670	9,063,914,158	27,106,439,828	21,976,802,755
Non-controlling interests (being classified as financial liabilities)	716,616,801	1,556,332,286	-	2,272,949,087	2,272,949,087
	19,848,656,912	21,215,847,124	9,345,688,290	50,410,192,326	45,088,654,161

	Less than 1 year HK$	1 year to 5 years HK$	Over 5 years HK$	Total undiscounted cash flow HK$	Carrying amount at 31 December HK$
2014					
Non-derivative financial liabilities					
Borrowings	15,783,290,873	-	-	15,783,290,873	15,783,290,873
Bond and notes payables	-	19,048,949,755	4,986,314,881	24,035,264,636	19,177,287,403
Other payables	9,870,879,820	-	-	9,870,879,820	9,870,879,820
Non-controlling interests (being classified as financial liabilities)	698,759,851	-	-	698,759,851	698,759,851
	26,352,930,544	19,048,949,755	4,986,314,881	50,388,195,180	45,530,217,947

6. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Liquidity risk - continued

Liquidity table - continued

During year ended 31 December 2015, the Group entered into a limited partnership agreement with 珠海融显投资管理合伙企业(有限合伙) ("RongXian"), an independent third party, to set up a fund, namely 珠海东方晨祥投资管理中心(有限合伙) ("东方晨祥"). Pursuant to the limited partnership agreement, RongXian contributed RMB1,000 million and the Group contributed RMB7,661 million to the 东方晨祥. 东方晨祥 acquired 90% interests of five investment properties locates in PRC from an independent property developer for rental income and capital appreciation during year ended 31 December 2015. The Group agreed to provide a 12% per annum guaranteed return to RongXian for its investment made to 东方晨祥.

In the opinion of directors of the Company, the fair value of this financial guarantee provided to Rongxian was insignificant as at 31 December 2015 in view of there was no significant change in the fair value of the five investment properties.

Bank loans with a repayment on demand clause are included in the "less than 1 year" time band in the above maturity analysis. As at 31 December 2015, the aggregate carrying amounts of these bank and loans amounted to HK$9,756,446,757 (2014: HK$15,783,290,873). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank and other loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$10,244,269,000.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS - continued

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about the fair values hierarchy of these financial assets and financial liabilities.

Financial assets/ financial liabilities	Fair value as at 31 December 2015 HK$'000	2014 HK$'000	Fair value hierarchy
1) Unlisted derivatives - swaps classified as financial assets designated as at FVTPL	1,420,263	-	Level 3
2) Unlisted warrants	3,946	5,533	Level 3
3) Listed equity investments classified as held-for-trading financial assets	1,735,579	1,227,708	Level 1
4) Unlisted convertible bonds classified as financial assets designated as at FVTPL	2,791,248	1,475,731	Level 3
5) Unlisted other investments classified as financial assets designated as at FVTPL	4,321,739	1,177,920	Level 3
6) Unlisted other investments classified as financial assets designated as at FVTPL - funds invested in listed equity investments or inter-bank debt investments	3,757,132	2,535,670	Level 2
7) Wealth management products issued by banks classified as financial assets designated as at FVTPL	1,122,011	-	Level 3
8) Unlisted equities classified as financial assets designated as at FVTPL	305,040	209,550	Level 3
9) Unlisted equity securities classified as available-for-sale investments, at fair value	1,770,961	2,087,808	Level 3
10) Listed equity securities classified as available-for-sale investments	161,280	-	Level 1
11) Unlisted other investments classified as available-for-sale investments	1,763,768	4,382,971	Level 3
12) Unlisted derivative financial liabilities	(7,720)	-	Level 3
13) Non-controlling interests (being classified as financial liabilities)	(2,272,949)	(698,760)	Level 3

6. FINANCIAL INSTRUMENTS - continued

Fair value measurements of financial instruments - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

There were no transfers between level 1 and level 2 in the period.

Fair value hierarchy as at 31 December 2015 and 2014

	2015				2014			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets								
Equity securities	1,735,579	-	305,040	2,040,619	1,227,708	-	209,550	1,437,258
Debt securities	-	-	2,791,248	2,791,248	-	-	1,475,731	1,475,731
Other investments (note)	-	3,757,132	4,321,739	8,078,871	-	2,535,670	1,177,920	3,713,590
Warrant	-	-	3,946	3,946	-	-	5,533	5,533
Derivatives	-	-	1,420,263	1,420,263	-	-	-	-
Wealth management products	-	-	1,122,011	1,122,011	-	-	-	-
Available-for-sale investments								
Equity securities	161,280	-	1,770,961	1,932,241	-	-	2,087,808	2,087,808
Other investments	-	-	1,763,768	1,763,768	-	-	4,382,971	4,382,971
Total	1,896,859	3,757,132	13,498,976	19,152,967	1,227,708	2,535,670	9,339,513	13,102,891
Financial liabilities								
- Derivatives	-	-	(7,720)	(7,720)	-	-	-	-
- Non-controlling interests (being classified as financial liabilities)	-	-	(2,272,949)	(2,272,949)	-	-	(698,760)	(698,760)
Total	-	-	(2,280,669)	(2,280,669)	-	-	(698,760)	(698,760)

Note: Other investments include investment in investment funds and debt securities.

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL						Available-for-sale investments		Financial liabilities		
	Equity securities HK$	Debt securities HK$	Other investments HK$	Warrants HK$	Derivative swaps HK$	Wealth management products issued by banks classified as financial assets designed as at FVTPL HK$	Equity securities HK$	Other investments HK$	Derivatives HK$	Non-controlling interest HK$	Total HK$
As at 1 January 2014	-	987,076,590	-	3,124,481	-	-	-	2,273,504,176	-	-	3,263,705,247
Purchases	209,549,672	1,058,310,256	1,177,920,067	-	-	-	1,206,014,788	2,820,943,840	-	(652,389,274)	5,820,349,349
Disposal	-	(327,519,986)	-	-	-	-	-	(569,135,502)	-	-	(896,655,488)
Transfer out from Level 3	-	(319,139,164)	-	-	-	-	-	-	-	-	(319,139,164)
Total gains under "Other gains - net" in statement of comprehensive income	-	75,940,047	-	2,408,352	-	-	-	(133,101,779)	-	-	(54,753,380)
Total gains in other comprehensive income	-	-	-	-	-	-	881,793,567	(38,040,774)	-	-	843,752,793
Share of profits by non-controlling interests (being classified as financial liabilities)	-	-	-	-	-	-	-	-	-	(46,370,577)	(46,370,577)
Exchange adjustment	-	1,062,980	-	-	-	-	-	28,801,372	-	-	29,864,352
As at 31 December 2014	209,549,672	1,475,730,723	1,177,920,067	5,532,833	-	-	2,087,808,355	4,382,971,333	-	(698,759,851)	8,640,753,132
Purchases	95,490,463	2,350,256,000	3,504,666,213	-	1,484,488,717	9,131,273,514	238,726,158	22,145,100,499	(6,055,594)	(1,610,885,201)	37,333,060,769
Conversion	-	(376,800,163)	-	-	-	-	376,800,163	-	-	-	-
Disposal	-	(150,000,000)	(560,780,617)	-	(203,211,528)	(8,009,262,575)	-	(24,636,756,917)	-	-	(33,560,011,637)
Total gains under "Other gains - net" in statement of comprehensive income	-	(487,169,501)	199,933,337	(1,586,825)	138,985,647	-	-	-	(1,663,966)	-	(151,501,308)
Net loss in other comprehensive income	-	-	-	-	-	-	(810,486,496)	-	-	-	(810,486,496)
Share of losses by non-controlling interests (being classified as financial liabilities)	-	-	-	-	-	-	-	-	-	36,695,965	36,695,965
Exchange adjustment	-	(20,768,665)	-	-	-	-	(121,887,258)	(127,547,061)	-	-	(270,202,984)
As at 31 December 2015	305,040,135	2,791,248,394	4,321,739,000	3,946,008	1,420,262,836	1,122,010,939	1,770,960,922	1,763,767,854	(7,719,560)	(2,272,949,087)	11,218,307,441

6. FINANCIAL INSTRUMENTS - continued

Fair value measurements of financial instruments - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage qualified valuers to perform the valuation. The Group works closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed above.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2015 HK$	2014 HK$
Continuing operations		
Interest income and financial advisory service income	2,819,985,204	3,073,282,357
Rental income	10,689,505	33,774,718
Investment property management	-	12,881,029
Other income	10,305,426	12,239,835
	2,840,980,135	3,132,177,939

8. COST OF SERVICES

	2015 HK$	2014 HK$
Continuing operations		
Finance costs	1,900,917,579	1,703,257,664
Business taxes and other levies	57,355,568	68,720,592
Others	60,477,070	64,791,941
	2,018,750,217	1,836,770,197

9. OTHER INCOME, GAINS AND LOSSES

	2015 HK$	2014 HK$
Continuing operations		
Other income		
Bank interest income	60,284,358	60,195,571
Interest income and dividend income from available-for-sale investments	355,693,100	346,404,042
Others	3,419,359	-
	419,396,817	406,599,613
Other gains and losses		
Loss on disposal of property, plant and equipment	-	(211,290)
Gain on disposal of subsidiaries (Note i)	-	1,640,298,319
Net realised and unrealised gains or losses of (including dividend and interest income):		
Financial assets at FVTPL	1,232,052,801	154,250,162
Financial liabilities at FVTPL	(1,663,966)	-
Impairment loss on loan and other receivables (Note ii)	(910,542,068)	(727,813,222)
Impairment loss on available-for-sale investments (Note iii)	(88,060,892)	-
Net foreign exchange loss	(165,634,136)	(5,170,240)
Others	(303,228)	-
	65,848,511	1,061,353,729

Notes:

(i) During the year ended 31 December 2014, the Group disposed of the Group's entire equity interests in two subsidiaries for a total consideration of HK$1,668,483,000. The gain on disposal amounted to HK$1,640,298,000 was recognised in profit or loss during the year ended 31 December 2014.

(ii) Impairment was recognised on the Group's loan and other receivables, as in the opinion of the directors of the Company, the recoverability of these receivables are uncertain.

(iii) Impairment was recognised as, in the opinion of the directors of the Company, the fair value of these available-for-sale investments were significantly decreased.

10. TAXATION

	2015 HK$	2014 HK$
Continuing operations		
Current tax	530,953,776	461,323,258
Deferred tax-current year	(186,070,856)	(168,512,315)
	344,882,920	292,810,943

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the both years.

For PRC subsidiaries, the Enterprise Income Tax is calculated at 25% for both years.

Pursuant to the PRC Enterprise Income Tax Law (the "EIT Law of PRC") and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to PRC withholding tax at the applicable tax rate of 5%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$	2014 HK$
Profit before taxation	1,078,877,959	2,517,352,834
Tax at the Hong Kong Profits Tax rate at 16.5% (2014: 16.5%)	178,014,863	415,363,218
Tax effect of expenses not deductible for tax purpose	154,592,384	56,404,164
Tax effect of income not taxable for tax purpose	(80,654,551)	(86,660,483)
Effect of different tax rates of subsidiaries operating in other jurisdictions	92,930,224	(92,295,956)
Tax charge for the year	344,882,920	292,810,943

11. PROFIT FOR THE YEAR

	2015 HK$	2014 HK$
Profit for the year from continuing operations is arrived at after charging:		
Auditor's remuneration	297,408	2,646,675
Depreciation and amortisation	13,128,117	6,752,966
Operating leases payments	11,111,728	8,298,704
Employee benefit expenses	135,984,971	249,073,552

Profit for the year from discontinued operation has been arrived at after charging:

	2015 HK$'000
Auditors' remuneration	5,060
Depreciation and amortisation	59,528
Loss on disposal of property, plant and equipment	248
Employee benefit expense	214,887

12. DIVIDEND

Interim dividends for ordinary shareholder of the Company recognised as distribution during the year ended 31 December 2015 was HK$864,000,000.

No final dividend was paid or proposed during both years, nor has any final dividend been proposed since the end of the reporting period.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$	Furniture, fittings and equipment HK$	Vehicles HK$	Total HK$
COST				
At 1 January 2014	21,259,828	28,213,040	3,911,446	53,384,314
Additions	-	5,125,837	524,222	5,650,059
Disposals	(21,224,195)	(24,252,404)	(1,594,422)	(47,071,021)
Exchange realignment	(35,633)	(1,086,716)	(3,554)	(1,125,903)
At 31 December 2014	-	7,999,757	2,837,692	10,837,449
Additions	-	5,132,159	570,872	5,703,031
Acquisition of subsidiaries	606,303,000	70,320,000	12,868,000	689,491,000
Disposals	-	(148,000)	(506,000)	(654,000)
Disposal of subsidiaries	-	(1,381,000)	(861,000)	(2,242,000)
Reclassified to assets held-for-sale (note 28)	(568,547,000)	(65,352,000)	(9,510,000)	(643,409,000)
Exchange realignment	(37,756,000)	(5,016,350)	(2,852,543)	(45,624,893)
At 31 December 2015	-	11,554,566	2,547,021	14,101,587
DEPRECIATION AND IMPAIRMENT				
At 1 January 2014	13,723,045	15,030,068	1,280,237	30,033,350
Provided for the year	1,627,703	2,740,267	415,480	4,783,450
Eliminated on disposal	(13,700,044)	(13,519,670)	(906,809)	(28,126,523)
Exchange realignment	(1,650,704)	(1,457,491)	(35,134)	(3,143,329)
At 31 December 2014	-	2,793,174	753,774	3,546,948
Provided for the year	23,166,000	13,876,054	3,704,268	40,746,322
Eliminated on disposals	-	(88,000)	(224,000)	(312,000)
Disposal of subsidiaries	-	(728,000)	(515,000)	(1,243,000)
Reclassified to assets held-for-sale (note 28)	(16,240,000)	(8,005,000)	(1,055,000)	(25,300,000)
Exchange realignment	(6,926,000)	(864,862)	(2,121,000)	(9,911,862)
At 31 December 2015	-	6,983,366	543,042	7,526,408
CARRYING AMOUNTS				
At 31 December 2015	-	4,571,200	2,003,979	6,575,179
At 31 December 2014	-	5,206,583	2,083,918	7,290,501

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	2% - 5% or over the lease terms
Vehicles	10% - 20%
Furniture, fittings and equipment	20% - 33%

14. INVESTMENT PROPERTIES

	HK$
AT COST	
At 1 January 2014	130,168,622
Exchange realignment	(1,565,360)
Disposal	(128,603,262)
At 31 December 2014	-
Additions	2,945,764,149
Acquisition of a subsidiary	2,886,730,000
Disposals	(17,628,000)
Exchange realignment	(160,613,000)
Reclassified to assets held-for-sale	(2,719,578,000)
At 31 December 2015	2,934,675,149
DEPRECIATION	
At 1 January 2014	103,866,593
Exchange realignment	(1,260,275)
Charge for the year	1,287,650
Disposals	(103,893,968)
At 31 December 2014	-
Charge for the year	9,968,795
At 31 December 2015	9,968,795
CARRYING AMOUNTS	
At 31 December 2015	2,924,706,354
At 31 December 2014	-

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using cost model and are classified and accounted for as investment properties.

The carrying amount of investment properties shown above comprises:

	2015 HK$	2014 HK$
Land outside Hong Kong, leases of between 10 to 50 years	2,924,706,354	-

15. INTERESTS IN ASSOCIATES

	2015 HK$	2014 HK$
Cost of investments in associates		
Unlisted	1,817,742,111	1,496,028,474
Share of post-acquisition profits and other comprehensive income, net of dividends received	1,107,403,692	1,146,768,065
	2,925,145,803	2,642,796,539

During the year ended 31 December 2015, the Group acquired 25% equity interest in an associate for RMB300,000,000 (equivalent to HK$358,089,000).

During the year ended 31 December 2015, the Group received HK$99,047,000 dividend income from its associates.

As at 31 December 2015 and 2014, the Group has interests in the following principal associates:

Name of entity	Place/country of incorporation and principal place of operation	Proportion of issued/registered capital held by the Group 2015 %	2014 %	Principal activities
Silver Union Investment Limited	Hong Kong	30	30	Investment holding
广州银晖资产服务有限公司	The PRC	20	20	Distressed asset advisory
上海闵行联合发展有限公司 ("闵行发展")	The PRC	25	25	Property development and investment
上海虹桥经济技术开发区联合发展有限公司 ("虹桥发展")	The PRC	25	25	Property development and investment
深圳前海东方瑞宸基金管理有限公司	The PRC	40	40	Fund management
北京冠清展锐科技有限公司 ("冠清展锐")	The PRC	11.76 (Note a)	11.76	Technology and asset management
金正大农业投资有限公司	The PRC	25	-	Investment holding

15. INTERESTS IN ASSOCIATES - continued

Notes:

(a) One out of seven directors of 冠清展锐 is appointed by the Group and owns 14% of the voting power in board meeting.

(b) Other than the principal associates listed above, the Group also owns 20% equity interests in two principal associates, which are non-wholly owned subsidiaries of Company A, as at 31 December 2014. Following the Group acquired 50.03% equity interest of the Company A during year ended 31 December 2015, these two principal associates have become subsidiaries of the Group. Details of the acquisition of the Company A are set out in note 29.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associate are accounted for using the equity method in these consolidated financial statements.

	冠清展锐		闵行发展		虹桥发展	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Current assets	1,754,873	2,480,684	1,399,175	1,450,948	2,165,146	2,655,871
Non-current assets	6,266,264	6,357,745	2,110,237	2,247,334	2,087,826	1,960,520
Current liabilities	(1,739,274)	(1,951,935)	(292,906)	(439,960)	(1,565,852)	(1,971,678)
Non-current liabilities	(73,262)	(6,877)	(528,579)	(453,041)	(135,294)	(130,405)
Revenue	2,075,746	862,563	232,684	352,352	812,907	1,452,987
(Loss) profit for the year	(286,540)	(114,860)	141,853	325,010	174,500	163,909
Other comprehensive (expense) income for the year	-	-	-	-	-	-
Total comprehensive (expense) income for the year	(286,540)	(114,860)	141,853	325,010	174,500	163,909
Dividends received from the associate during the year	-	-	64,802	19,679	34,245	18,684

15. INTERESTS IN ASSOCIATES - continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	冠清展锐		闵行发展		虹桥发展	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Net assets of the associate	6,208,601	6,879,617	2,687,927	2,805,281	2,551,826	2,514,308
Proportion of the Group's ownership interest in the associate	11.76%	11.76%	25%	25%	25%	25%
	730,131	809,043	671,982	701,320	637,957	628,577
Adjustments	429,688	458,593	-	-	-	-
Carrying amount of the Group's interest in the associate	1,159,819	1,267,636	671,982	701,320	637,957	628,577

Aggregate information of associates that are not individually material

	2015 HK$'000	2014 HK$'000
The Group's share of profit	16,188	20,453
Aggregate carrying amount of the Group's interests in these associates	455,388	45,264

16. INTERESTS IN JOINT VENTURES

	2015 HK$	2014 HK$
Cost of investments in joint ventures - unlisted	2,757,096,635	2,995,836,220
Share of post-acquisition profits and other comprehensive income, net of dividends received	(204,522,586)	(18,718,534)
	2,552,574,049	2,977,117,686

16. INTERESTS IN JOINT VENTURES - continued

As at 31 December 2015 and 2014, the Group has interests in the following principal joint ventures:

Name of subsidiary	Place/country of incorporation and principal place of operation	Proportion of issued/ registered capital held by the Group 2015 %	2014 %	Principal activities
China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund	The PRC	60	60	Investment holding
China Orient Convertible Bond Fund	Cayman Islands	-	50	Investment holding
CO-BB North Carolina Venture LLC	The United States of America	85 (Note)	N/A	Property investment
江苏保利宁弘房地产开发有限公司	The PRC	49	49	Investment holding

Note: Pursuant to the joint venture agreement, the Group and the other investor will jointly control the operation of this investee.

17. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2015 HK$	2014 HK$
Listed investments (Note):		
- Equity securities listed in Hong Kong, at fair value	161,280,000	-
Unlisted securities, at fair value	3,534,728,776	6,470,779,688
	3,696,008,776	6,470,779,688

Note: Listed securities are measured at fair value based on the quoted market price.

18. NON-CONTROLLING INTERESTS (BEING CLASSIFIED AS FINANCIAL LIABILITIES)

Amounts represent interests held by other interest holders of the Group's consolidated structured entities.

The movements in non-controlling interests (being classified as financial liabilities) during the year are as follows:

	HK$
At 1 January 2014	-
Issue of shares to non-controlling interests (net of redemption)	652,389,274
Share of profits	46,370,577
At 31 December 2014	698,759,851
Issue of shares to non-controlling interests (net of redemption)	1,610,885,201
Share of losses	(36,695,965)
At 31 December 2015	2,272,949,087

19. DEFERRED TAXATION

The following are the Group's major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

Deferred taxation

	Deferred tax assets Provision on loan receivables and other temporary differences HK$
At 1 January 2014	50,192,056
Credit to profit or loss	166,638,178
Credit to other comprehensive income	10,341,455
Exchange realignment	(167,971)
At 31 December 2014	227,003,718
Credit to profit or loss	206,899,856
Exchange realignment	(5,135,228)
Reclassified to assets held-for-sale (note 28)	(20,273,000)
At 31 December 2015	408,495,346

19. DEFERRED TAXATION - continued

Deferred taxation - continued

	Deferred tax liability HK$
Prepaid expenses amortisation and available-for-sale financial assets fair value gains	
At 1 January 2014	(14,554,394)
Disposal of a subsidiary	1,496,361
Credit to profit or loss	1,874,137
Credit to other comprehensive income	11,183,896
At 31 December 2014	-
Acquisition of subsidiaries	(578,549,000)
Credit to profit or loss	96,158,000
Credit to other comprehensive income	2,145,000
Exchange realignment	29,452,000
Reclassified to liabilities associated with assets held-for-sale (note 28)	(450,794,000)
	-

Starting from 1 January 2008, the tax law of the PRC requires withholding tax upon the distribution of profits earned by the PRC subsidiaries to the overseas shareholders. Deferred tax has not been provided for certain PRC subsidiaries of the Group in the consolidated financial statements in respect of the temporary differences attributable to the profits after 1 January 2008 amounting to approximately HK$1,941,814,000 (2014: HK$1,114,644,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL LIABILITIES

Financial assets held for trading and designated as at fair value through profit or loss:

	2015 HK$	2014 HK$
Listed/unlisted securities		
Equity securities	2,040,619,253	1,437,257,801
Convertible bonds	2,791,248,394	1,475,730,723
Investment funds	8,078,871,025	1,833,287,873
Bonds	-	1,880,301,952
Warrants	3,946,007	5,532,833
Derivatives (notes)	1,420,262,837	-
Wealth management products issued by banks	1,122,010,939	-
Total	15,456,958,455	6,632,111,182
Unlisted derivative financial liabilities (notes)	(7,719,560)	-

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL LIABILITIES - continued

Financial assets at fair value through profit or loss and derivative financial liabilities are presented within 'cash flows arising from operating activities' as part of changes in working capital in the consolidated statement of cash flows.

Changes in fair values are recorded as other gains and losses in the consolidated statement of profit or loss and other comprehensive income.

Notes:

(a) During the year ended 31 December 2015, the Group entered into several total return swap contracts with financial institutions. The total notional amount of these contracts were USD420,000,000 (equivalent to HK$3,252,270,000).

(b) During the year ended 31 December 2015, the Group entered into a credit default swap contract with a financial institution. The notional amount of this contract was USD40,000,000 (equivalent to HK$309,740,000).

21. LOAN AND OTHER RECEIVABLES

	2015 HK$	2014 HK$
Loan receivables	14,653,776,635	20,764,631,640
Less: provision for impairment of receivables	(1,621,445,316)	(832,736,942)
Loan receivables - net	13,032,331,319	19,931,894,698
Interest receivable	374,874,280	287,251,769
Dividend receivable	137,151,188	235,222,825
Receivables from parent company	1,034,538,155	1,034,533,945
Receivables from other related parties	1,072,476,819	2,371,513,682
Deposit for purchases of securities	98,882,823	36,889,759
Other receivables	278,545,816	235,694,244
Prepaid expenses	13,066,693	16,282,063
	16,041,867,093	24,149,282,985
Less: non-current portion	(3,076,275,241)	(10,563,925,085)
Current portion	12,965,591,852	13,585,357,900

21. LOAN AND OTHER RECEIVABLES - continued

Loan receivables are mainly non-derivative financial assets with fixed or determinable payments, which are analysed by industries as follows:

	2015 HK$	2014 HK$
Real estate	9,547,246,756	14,266,817,834
Mining	1,526,439,928	-
Manufacturing	307,817,867	599,338,294
Financing	76,209,458	155,009,450
Other industries	1,574,617,310	4,910,729,120
	13,032,331,319	19,931,894,698

As at 31 December 2015, the loan receivables of HK$1,879,439,711 (2014: HK$951,994,625) were impaired. Hence, a provision for impairment of loan receivables of HK$1,065,515,755 has been made as of 31 December 2015 (2014: HK$303,472,055). The individual impaired receivables mainly relate to debtors which are in unexpectedly different economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Movement of provision for impairment of loan receivables during the year is as follows:

	2015 HK$	2014 HK$
At 1 January	832,736,942	238,025,499
Charge for the year	910,542,068	594,711,443
Written off	(121,833,694)	-
At 31 December	1,621,445,316	832,736,942

22. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

As at 31 December 2015, the Group's bank balances and cash comprise cash and short-term bank deposits carrying prevailing market interest rate with an original maturity of three months or less. An aggregate amount of HK$1,405,604,002 of the Group's bank balances and cash at 31 December 2015 was denominated in RMB and not freely convertible into other currencies.

As at 31 December 2015, the bank balances and cash of approximately HK$555,617,853 are denominated in currencies other than the functional currency of the respective group entities.

23. OTHER PAYABLES

	2015 HK$	2014 HK$
Account payables	294,940,294	449,156,413
Interest payable	349,543,860	370,778,530
Payable to ultimate holding company (note c)	5,610,834,355	5,334,494,929
Payables to immediate parent company (note c)	1,527,973,984	1,248,644,710
Payables to other related parties (note c)	893,876,532	1,089,674,358
Advances from customers	3,043,174	14,767,596
Payroll payables	172,612,472	161,188,360
Deferred income (note a)	205,736,989	3,724,315
Proceeds from issue of asset-backed securities (note b)	1,875,278,651	1,374,406,565
Other payables	71,561,011	-
	11,005,401,322	10,046,835,776
Less: non-current portion	1,385,199,075	-
Current portion	9,620,202,247	10,046,835,776

Notes:

(a) Amounts being interest income received in advance from borrowers of the Group's loan receivables.

(b) Transfer of financial assets

The Group enters into securitisation transactions in the normal course of business by which it transfers certain of its loan receivables and financial assets designated at FVTPL to special purpose trust which in turn issue asset-backed securities to investor. As the underlying assets, the loan receivables and financial assets designated at FVTPL did not meet the criteria of derecognition, the Group did not derecognize such loan receivables and financial assets designated at FVTPL, the consideration received was treated as financial liabilities. As at 31 December 2015, the carrying amount of such transferred but not derecognised loan receivables and financial assets designated at FVTPL amounted to HK$3,128 million (2014:HK$2,180 million), the carrying amount of the corresponding financial liabilities amounted to HK$1,875,279,000 (2014:HK$1,374,407,000).

(c) Amounts being interest-free, unsecured and repayable on demand.

24. BORROWINGS

	2015 HK$	2014 HK$
Bank borrowings - secured/guaranteed	458,446,875	4,427,934,468
Bank borrowings - unsecured	3,478,068,184	1,140,872,395
Other borrowings - unsecured	6,278,378,573	10,214,484,010
	10,214,893,632	15,783,290,873
Carrying amount without a repayment on demand clause repayable:		
More than two years, but not more than five years (Note)	458,446,875	-
Add: Carrying amount of loans containing a repayment on demand clause (shown under current liabilities) with scheduled repayment set out in the loan agreements due:		
- within one year	9,756,446,757	15,783,290,873
Less: Amounts due within one year shown under current liabilities	9,756,446,757	15,783,290,873
Amounts shown under non-current liabilities	458,446,875	-

Borrowings of HK$6,278,378,573 (2014: HK$10,214,484,010) were borrowings from the China Orient AMC with an interest rate of 6.8% (2014: 6.8%) per annum.

Bank borrowings of HK$3,936,515,059 (2014: HK$5,568,806,863) were borrowings from commercial banks, of which HK$nil (2014: HK$1,702,517,108) were guaranteed by a fellow subsidiary of the Group, related parties and HK$nil (2014: HK$2,725,417,360) were linked to pledged deposits of HK$nil (2014: HK$2,775,921,338) classified as cash at bank on the consolidated statement of financial position.

Bank borrowings bear average coupons of 5.00% (2014: 5.00%) per annum.

As at 31 December 2015, the borrowings of approximately HK$2,591,543,000 (2014: HK$3,374,826,000) are denominated in currencies other than the functional currency of the respective group entities.

Note: Pursuant to the borrowing agreement and repayment schedule, the principal of the borrowing will be repaid, by instalments, starting from the third anniversary of the drawdown date.

25. BOND AND NOTES PAYABLES

	2015 HK$	2014 HK$
Bonds:		
Denominated in RMB, carries 4.1% semi-annual coupon, repayable in 2017 (Note a)	2,972,671,148	3,151,392,989
Denominated in USD, carries 4.75% semi-annual coupon, repayable in 2018 (Note b)	4,596,795,410	4,586,981,634
Medium-term notes:		
Denominated in USD, carries 3.75% - 5% semi-annual coupon, repayable in 2019 - 2024 (Note c)	11,436,866,623	11,438,912,780
Denominated in RMB, 5.5% semi-annual coupon, repayable in 2025 (Note c)	2,970,469,574	-
	21,976,802,755	19,177,287,403

Notes:

(a) On 23 January 2014, the Group's wholly owned subsidiary, Starway Assets Enterprises Limited issued a RMB denominated bond with principal amount of RMB2,500,000,000, equivalent to HK$2,984,076,965 (2014: HK$3,169,089,964) (the "RMB Bonds") to independent third parties. The RMB Bonds bear interest at 4.1% per annum and will be matured on 21 January 2017. Interest is payable semi-annually in arrear.

(b) On 19 September 2013, the Group's wholly owned subsidiary, Century Master Investment Co. Ltd. issued a USD denominated bond with principal amount of US$600 million (the "USD Bonds") to independent third parties. The USD Bonds bear interest at 4.75% per annum and will be matured on 28 September 2018. Interest is payable semi-annually in arrear.

(c) On 4 September 2014, the Group's wholly owned subsidiary, Charming Light Investment Limited established US$2,000 million medium term note programme (the "Medium Term Notes"). The first issue of US$600 million at 3.75% due 2019 and US$400 million at 5% due 2024 was made on the Stock Exchange of Hong Kong Limited on 4 September 2014. The second issue of US$500 million at 3.75% due 2019 was made on 18 December 2014.

The third issue of RMB2,500 million (equivalent to HK$2,984 million) at 5.5% due 2025 was made on 29 December 2015.

(d) The Company's ultimate holding company, COAMC, provides keepwell deed to all the bond and notes payables in issue.

As at 31 December 2015, the bond and notes payables of approximately HK$21,976,803,000 (2014: HK$19,177,287,000) are denominated in currencies other than the functional currency of the respective group entities.

26. SHARE CAPITAL

	Number of shares	Share capital HK$
Authorised		
At 1 January 2014		
- Ordinary shares of HK$1 each	2	2
At 31 December 2014 and 2015 (Note)	N/A	N/A
Issued and fully paid		
At 1 January 2014		
- Ordinary shares of HK$1 each	2	2
At 31 December 2014 and 2015		
- Ordinary shares with no par value (Note)	2	2

Note: Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

27. PERPETUAL CAPITAL SECURITIES

On 10 November 2015, RMB 300,000,000, carrying 13% annual distribution rate, unlisted, unsecured and unguaranteed perpetual capital securities were issued by the Company's wholly owned subsidiary, Lucky Charm Development Inc., to an independent third party.

The perpetual capital securities have no fixed maturity and distributions are paid quarterly in arrears. Distribution may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital.

The perpetual capital securities are redeemable at the Group's option.

28. DISPOSAL GROUP HELD FOR SALE

During year ended 31 December 2015, the directors resolved to dispose of 29.99% equity interest in the Company A (the "Proposed Disposal"). Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the Company A, which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below).

In January 2016, the Group entered into a sales and purchase agreement with two independent third parties (collectively referred as the "Purchasers") (the "SPA"). Pursuant to the SPA, the Purchasers agreed to acquire 29.99% equity interest of the Company A for a total consideration HK$1,160,203,000. Subsequent to the Proposed Disposal, the Group will retain 18.17% equity interest ("the Proposed Retained Interest") in the Company A.

28. DISPOSAL GROUP HELD FOR SALE - continued

The market value of the Group's Proposed Retained Interest and non-controlling interest as at 31 December 2015 are expected to be lower than the net carrying amount of the relevant assets and liabilities and accordingly, HK$762,295,000 impairment loss has been recognised.

The major classes of assets and liabilities of the Company A classified as held for sale are as follows:

	2015 HK$'000
ASSETS	
Property, plant and equipment	497,524
Investment properties	2,214,892
Payment for leasehold land held for own use under operating leases	459,072
Interests in associates and joint ventures	1,339,497
Available-for-sale investments	65,877
Deferred tax assets	20,273
Properties under development and completed properties held for sale	9,293,120
Inventories	3,848
Trade and other receivables	3,887,661
Tax prepayments	90,680
Pledged bank deposits	1,178,507
Bank balances and cash	1,629,164
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	20,680,115

	2015 HK$'000
LIABILITIES	
Borrowings	11,267,832
Deferred tax liabilities	450,794
Trade and other payables	4,617,308
Tax payable	457,980
TOTAL LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	16,793,914

Reconciliation of liabilities associated with assets classified as held for sale.

	HK$'000
Total liabilities - the Company A	16,793,914
Adjustments - Group's receivables due from the Company A	(2,282,916)
	14,510,998

28. DISPOSAL GROUP HELD FOR SALE - continued

Reconciliation of profit for the year related to the Company A:

	HK$'000
Loss for the year	(1,050,448)
Effect on elimination inter-company transactions	326,753
Gain on bargain purchase (Note 29)	2,882,777
Impairment provided for non-current assets reclassified to asset held-for-sale	(762,295)
Profit for discontinued operation	1,396,787

	2015 HK$'000
Profit attributable to	
-owners of the Company	1,043,638
- non-controlling interest	353,149
	1,396,787

The revenue and cashflow of the Company A generated during year ended 31 December 2015 were disclosed in note 32 as the Company A is a non-wholly owned subsidiary with material non-controlling interest.

29. ACQUISITION OF A SUBSIDIARY

During year ended 31 December 2015, the Group acquired 50.03% of equity interest, of the Company A for a total consideration of HK$1,487,143,303. The Company A has become the Group's subsidiary since 13 February 2015.

As at 31 December 2015, the Group owned 48.16% of equity interest of the Company A.

Assets and liabilities recognised at the date of acquisition:

	HK$'000
Net assets and liabilities attributable to owners of Company A	5,916,708

The fair value of trade and other receivables at the date of acquisition amounted to HK$556,517,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK$556,517,000 at the date of acquisition.

29. ACQUISITION OF A SUBSIDIARY - continued

Total consideration satisfied by:

	HK$'000
Cash	1,489,141
Plus: non-controlling interest of the Company A (Note)	1,544,790
Less: net assets attributable to owners of Company A	(5,916,708)
Gain on bargain purchase arising on acquisition	(2,882,777)

Net cash outflow on acquisition of the Company A:

	HK$'000
Cash paid	1,489,141
Less: cash and cash equivalents balances acquired	(1,098,074)
	391,067

Note: The non-controlling interests (49.97% in the Company A) recognised at the date was measured by reference to the market value of the non-controlling interests and amounted to HK$1,544,790,000.

30. COMMITMENTS

At 31 December 2014, the Group had commitment of HK$1,738,637,555 in respect of capital contribution to limited partnerships.

Other than that, the directors of the Company consider the Group does not have other material future aggregate minimum rental payables under non-cancellable operating leases.

31. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with related parties:

	2015 HK$	2014 HK$
Interest expense - ultimate holding company	729,298,359	751,143,373

COAMC provides keepwell deed to the Group for its bond and notes payables in issue during both years.

In addition to the above, the balance with related parties of the Group and information about the guarantee provided by the related parties to the Group are disclosed in notes 21, 23 and 24.

31. RELATED PARTY TRANSACTIONS - continued

The Group is controlled by COAMC, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of COAMC as at 31 December 2015 and 2014. For the current and prior years, the Group undertakes transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

32. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES

The following table lists the subsidiaries and consolidated structured entities of the Company which, in the opinion of the directors, principally affected the result or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Details of principal subsidiaries held directly or indirectly are as follows:

Name	Place of incorporation	Interest held	Principal activity
深圳祥源投资有限公司	People's Republic of China ("PRC")	90%	Investment holding
深圳东方创业投资有限公司	the PRC	100%	Investment holding
东富(北京)投资管理有限公司	the PRC	100%	Investment holding
深圳前海东方创业金融控股有限公司	the PRC	100%	Investment holding
Glory Rainbow Holdings Inc.	BVI	100%	Investment holding
Sino Trinity Investment Limited	Hong Kong	100%	Investment holding
Sino Progress Investment Limited	Hong Kong	100%	Investment holding
Sino Glister Limited	Hong Kong	100%	Investment holding
Sino Gallery Limited	Hong Kong	100%	Investment holding
Master Elite Limited	Hong Kong	100%	Investment holding
Legend Access Investments Limited	Hong Kong	100%	Investment holding
China Orient Multi Strategy Master Fund	Cayman Islands	100%	Investment holding
Champ Mark Holdings Limited	BVI	100%	Investment holding
东方资产管理(中国)有限公司	PRC	100%	Investment holding
东方宏远国际投资有限公司	PRC	100%	Investment holding
China Orient International Asset Management Ltd.	Hong Kong	100%	Financing advisory
Key Sources Development Ltd.	BVI	100%	Investment holding

32. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES - continued

Name	Place of incorporation	Interest held	Principal activity
China Orient International Fund Management Ltd.	Hong Kong	100%	Investment
Century Master Investment Co., Ltd.	BVI	100%	Investment holding
Bright Creation Investment Ltd.	BVI	100%	Investment holding
Dongxing Securities (Hong Kong) Company Limited (formerly known as China Orient International Capital Limited)	Hong Kong	100%	Corporate finance advisory
Billion Capital Shine Inc.	BVI	100%	Investment holding
Dorado International Investments Ltd.	BVI	100%	Investment holding
Smart Trend Enterprises Inc.	BVI	100%	Investment holding
Blooming Rose Enterprises Corp.	BVI	100%	Investment holding
Power Rider Enterprises Corp.	BVI	100%	Investment holding
Starway Assets Enterprises Inc.	BVI	100%	Investment holding
Avant Star Co., Ltd.	BVI	100%	Investment holding
Wisdom Mind Holdings Corp.	BVI	100%	Investment holding
Chun Lap Group Limited	Hong Kong	100%	Investment holding
Ample Mark Enterprises Limited	BVI	100%	Investment holding
Keen Concept Enterprise Limited	BVI	100%	Investment holding
Bright Merit Resources Inc.	BVI	100%	Investment holding
State Best Holdings Inc.	BVI	100%	Investment holding
Surplus Delight Holdings Inc.	BVI	100%	Investment holding
China Orient Advisors Inc.	United States of America ("USA")	100%	Provision of management/ advisory service
Everfree Investment Holdings Inc.	BVI	100%	Investment holding
Charming Light Investments Ltd.	BVI	100%	Investment holding
Able Success Capital Holdings Inc.	BVI	100%	Investment holding
Sheen Vision Resources Ltd.	BVI	100%	Investment holding
Maxi Charm Enterprises Ltd.	BVI	100%	Investment holding
Super Vision Resources Ltd.	BVI	100%	Investment holding
Smart Bond Development Ltd.	BVI	100%	Investment holding
Best Capital Strategies Ltd.	BVI	100%	Investment holding
Skymore Enterprises Inc.	BVI	100%	Investment holding
Delight Ace Holdings Inc.	BVI	100%	Investment holding

32. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES - continued

Name	Place of incorporation	Interest held	Principal activity
Million Plus Development Inc.	BVI	100%	Investment holding
Ascent Choice Holdings Limited	BVI	100%	Investment holding
Golden Express Capital Ltd.	BVI	100%	Investment holding
Optimus Prime Management Ltd.	BVI	100%	Investment holding
Lagoda Enterprises Inc.	USA	100%	Investment holding
COS Ferris 2 Co., Ltd.	Cayman Islands	100%	Investment holding
Joyway Development Inc.	USA	100%	Investment holding
Lucky Charm Development Limited	BVI	100%	Investment holding
Goldenmark Success Ltd.	BVI	100%	Investment holding
Tigre Investment Corporation	USA	100%	Investment holding
TT Promenade Inc.	USA	100%	Investment holding
Smart Success Capital Limited	BVI	100%	Investment holding
Cheer Link Global Ltd.	BVI	100%	Investment holding
The Company A	Bermuda	48.16%	Property development
Joy Treasure Assets Holding Inc.	BVI	100%	Investment holding
Express Will Assets Holding Inc.	BVI	100%	Investment holding
Talent Legend Holdings Ltd.	BVI	100%	Investment holding
China Orient Stable Income Fund SP1	Cayman Islands	48.6%	Investment holding
珠海东方晨祥投资管理中心	PRC	90%	Investment holding
China Orient Convertible Bond Fund LP	BVI	50%	Investment holding

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
				HK$'000	HK$'000	HK$'000	HK$'000
The Company A	Bermuda/PRC	48.16%	-	(1,028,636)	-	1,692,251	-
Individually immaterial subsidiaries with non-controlling interests				(1,683)	5,249	440,257	18,714
						2,132,508	18,714

32. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES - continued

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and impairment losses on non-current asset classified as held-for-sale.

The Company A and its subsidiaries

	2015 HK$'000
Current assets	15,865,475
Non-current assets	5,576,935
Current liabilities	(9,738,301)
Non-current liabilities	(7,055,613)
Equity attributable to owners of Company A	(4,432,960)
Non-controlling interests	(215,536)

	2015 HK$'000
Revenue	1,787,475
Other income, other gains and losses	(105,938)
Expenses	(2,731,985)
Loss for the year	(1,050,448)
Other comprehensive income for the year	(579,146)
Total comprehensive income for the year	(1,629,594)
Total comprehensive expensive attributable to:	
Owners of Company A	(1,518,752)
Non-controlling interests	(110,842)
Net cash outflow from operating activities	(2,218,530)
Net cash outflow used in investing activities	(431,872)
Net cash inflow from financing activities	3,285,949
Net cash inflow	635,547

33. OTHER RESERVES

	Exchanges reserve HK$	Fair value reserve HK$	Share of reserve of associates and joint ventures HK$	Total HK$
At 1 January 2014	153,127,593	38,040,773	116,795,427	307,963,793
Share of reserves of associates	-	-	75,960,083	75,960,083
Change in fair value of available-for-sale investments	-	710,651,014	-	710,651,014
Reclassification adjustment transfer to profit or loss on impairment of available-for-sale investments	-	133,101,779	-	133,101,779
Exchange difference on translating foreign operations	(32,105,587)	-	-	(32,105,587)
At 31 December 2014	121,022,006	881,793,566	192,755,510	1,195,571,082
Share of reserves of joint ventures	-	-	33,980,000	33,980,000
Change in fair value of available-for-sale investment	-	(898,547,388)	-	(898,547,388)
Reclassification adjustment transfer to profit or loss on impairment of available-for-sale investments	-	88,060,892	-	88,060,892
Exchange difference on translating foreign operations	(750,563,564)	-	-	(750,563,564)
Share of other comprehensive income to non-controlling interests	394,590,872	-	(17,525,232)	377,065,640
	(234,950,686)	71,307,070	209,210,278	45,566,662

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 HK$	2014 HK$
NON-CURRENT ASSETS		
Property, plant and equipment	3,510,229	5,272,526
Investment in subsidiaries	5,325,943,508	2,909,830,298
Other assets	150,000	150,000
Loan and other receivables	1,074,267,708	77,370,000
	6,403,871,445	2,992,622,824
CURRENT ASSETS		
Prepayments, deposits and other receivables	69,553,147	162,093,601
Financial assets at fair value through profit or loss	1,904,556,002	20,114,706
Loan and other receivables	23,853,143,106	10,759,795,722
Bank deposits with original maturity over three months	-	2,553,445,946
Bank balances and cash	2,934,689,495	4,539,518,061
	28,761,941,750	18,034,968,036
CURRENT LIABILITIES		
Other payables and accruals	31,914,646,943	1,624,383,352
Borrowings	1,377,278,000	688,408,319
	33,291,924,943	2,312,791,671
NET CURRENT (LIABILITIES) ASSETS	(4,529,983,193)	15,722,176,365
TOTAL ASSETS LESS CURRENT LIABILITIES	1,873,888,252	18,714,799,189
NON-CURRENT LIABILITIES		
Other payables	1,248,415,332	19,370,716,029
NET ASSETS (LIABILITIES)	625,472,920	(655,916,840)
CAPITAL AND RESERVES		
Share capital	2	2
Reserves	625,472,918	(655,916,842)
Total equity	625,472,920	(655,916,840)

The financial statements were approved and authorised for issue by the board of directors on 10 June 2016 and are signed on its behalf by:

Zhong Guoxing
DIRECTOR

Shi Shuang
DIRECTOR

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY - continued

Movement in the Company's reserve

	Share capital HK$	Accumulated (losses) profit HK$	Total HK$
At 1 January 2014	2	(3,509,979)	(3,509,977)
Loss for the year	-	(652,406,863)	(652,406,863)
At 31 December 2014	2	(655,916,842)	(655,916,840)
Profit for the year	-	2,145,389,760	2,145,389,760
Dividend (Note 12)	-	(864,000,000)	(864,000,000)
At 31 December 2015	2	625,472,918	625,472,920

瑞华会计师事务所
Ruihua
Certified Public Accountants

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Auditor's Report

Rui Hua Shen Zi [2016] No. 01460014

To the shareholders of Dongxing Securities Company Limited

We have audited the accompanying financial statements of Dongxing Securities Company Limited ("the Company"), which comprise the consolidated and company statement of financial position as at 31 December 2015, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company cash flow statement and the consolidated and company statement of changes in equity for the year then ended, and notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and company financial position of Dongxing Securities Company Limited as at December 31, 2015 and of the consolidated and company financial performance and cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

RuiHua Certified Public Accountants — CICPA:

Beijing, China — CICPA:

March 4, 2016

Consolidated Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Note	2015.12.31	2014.12.31
Assets:			
Cash and bank balances	6.1	12,724,500,121.39	10,442,052,523.10
Including: cash held on behalf of customers		10,594,359,691.46	7,340,316,522.16
Clearing settlement funds	6.2	5,922,863,756.41	3,921,387,251.22
Including: deposits held on behalf of customers		5,122,715,033.62	3,350,612,909.21
Margin accounts	6.3	12,948,827,474.95	9,150,532,442.14
Financial assets measured at fair value through profit or loss	6.4	7,959,656,364.46	1,190,329,175.91
Derivative financial assets	6.5	886,839.00	-
Financial assets held under resale agreements	6.6	6,386,896,155.46	3,401,252,304.87
Accounts receivable	6.7	95,218,710.68	44,789,632.19
Interests receivable	6.8	450,529,125.85	202,723,070.68
Refundable deposits	6.9	725,335,027.14	1,017,329,540.19
Available-for-sale financial assets		25,217,486,026.33	12,740,365,358.83
Long-term equity investments	6.10	-	-
Fixed assets	6.11	244,857,952.17	248,641,758.38
Construction in progress		-	-
Intangible assets	6.12	24,393,722.16	21,818,138.95
Goodwill	6.13	20,000,000.00	20,000,000.00
Deferred tax assets	6.14	448,918,715.92	193,302,293.97
Other assets	6.15	10,865,583.37	12,625,179.99
Total assets		73,181,235,575.29	42,607,148,670.42

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Note	2015.12.31	2014.12.31
Liabilities:			
Short-term borrowing	6.17	4,017,722,034.00	5,030,000,000.00
Short-term financing payables	6.18	2,930,000,000.00	1,000,000,000.00
Due to banks and other financial institutions	6.19	1,350,000,000.00	2,437,000,000.00
Financial liabilities measures at fair value through profit or loss		-	-
Derivative financial liabilities	6.5	2,177,885.93	-
Financial assets sold under repurchase agreemer	6.20	15,750,389,225.53	10,347,391,368.92
Acting trading securities	6.21	16,020,750,112.86	10,823,434,987.03
Funds payable to securities issuers		-	-
Employee benefits	6.22	1,327,626,829.61	684,266,219.99
Tax payable	6.23	204,387,821.22	135,944,490.53
Accounts payable	6.24	291,387,752.99	533,141,094.63
Interests payable	6.25	627,378,929.85	121,308,998.91
Provision	6.26	15,302,716.00	-
Bond payable	6.27	12,200,000,000.00	2,000,000,000.00
Deferred tax liabilities	6.14	142,122,641.04	146,485,186.99
Other liabilities	6.28	4,716,706,212.49	1,912,863,269.41
Total liabilities		59,595,952,161.52	35,171,835,616.41
Equity			
Paid-in-capital	6.29	2,504,000,000.00	2,004,000,000.00
Capital reserve	6.30	5,298,520,000.00	1,324,750,000.00
Less: Treasury stock		-	-
Other comprehensive income	6.31	456,760,636.05	423,897,335.02
Surplus reserve	6.32	739,148,079.47	394,995,164.76
General risk reserve	6.33	1,271,958,392.98	789,990,329.52
Profit distribution	6.34	3,314,627,748.04	2,497,455,807.81
Total equity attributable to owners of the parent		13,585,014,856.54	7,435,088,637.11
Non-controlling interests		268,557.23	224,416.90
Total equity		13,585,283,413.77	7,435,313,054.01
Total liabilities and equity		73,181,235,575.29	42,607,148,670.42

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

2015

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	Current year	Prior year
1. Operating revenue		**5,356,995,628.95**	**2,597,774,148.38**
Net fee and commission income	6.35	3,662,621,336.48	1,475,243,981.33
Including: Net fee income from brokerage		2,440,866,581.99	1,042,998,796.54
Net fee income from investment banking		701,344,779.80	227,872,892.35
Net fee income from asset management		496,835,142.40	187,212,315.00
Net interest income	6.36	-319,399,231.37	-94,652,229.37
Investment income/(losses)	6.37	1,897,024,328.94	1,219,446,101.18
Including: Investment income from associates and joint ventures			
Gains/(loss) from changes in fair value	6.38	113,993,508.10	-3,541,504.57
Foreign exchange gains/(losses)		444,678.08	33,475.76
Other operating income	6.39	2,311,008.72	1,244,324.05
2. Operating expenses		**2,828,248,644.97**	**1,331,051,973.45**
Business tax and surcharges	6.40	350,380,765.52	156,606,366.48
General and administrative expenses	6.41	2,276,801,361.54	1,122,412,792.88
Impairment losses	6.42	201,066,517.91	52,032,814.09
Other operating expenses		-	-
3. Operating profit/(loss)		2,528,746,983.98	1,266,722,174.93
Add: Non-operating income	6.43	4,007,441.67	54,964,535.17
Less:Non-operating expenses	6.44	4,337,057.54	2,016,532.20
4. Profit/(Loss) before tax		2,528,417,368.11	1,319,670,177.90
Less: Income tax expense	6.45	484,484,032.95	279,072,461.66
5. Net Profit/(Loss)		2,043,933,335.16	1,040,597,716.24
Attributable to : owners of the parent		2,043,932,918.40	1,040,597,699.34
Non-controlling interests		416.76	16.90
6.Other comprehensive income, net of tax	6.46	32,907,024.60	341,888,250.83
Attributable to the owners of the company:		32,863,301.03	341,888,250.83
(1) Items that may not be reclassified subsequently to profit or loss		-	-
(2) Items that may be reclassified subsequently to profit or loss		32,863,301.03	341,888,250.83
1. Gains or losses arising from changes in the fair value of avaiable-for-sale financial assets		32,863,301.03	341,888,250.83
Attributable to non-controlling interests		43,723.57	-
7.Total comprehensive income		2,076,840,359.76	1,382,485,967.07
Attributable to owners of the parent		2,076,796,219.43	1,382,485,950.17
Attributable to non-controlling interests		44,140.33	16.90
8.Earnings per share	6.47		
(1) Basic earnings per share		0.84	0.52
(2) Diluted earnings per share		0.84	0.52

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Cash Flow Statement

2015

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	Current year	Prior year
1. Cash flows from operating activities:			
Net increase / (decrease) in disposing financial instruments measured at fair value through profit or loss		-	-
Interest, fee and commission received		6,087,460,661.06	2,466,076,216.20
Net increase in due to banks and other financial institutions		-	2,091,000,000.00
Net increase in repurchase agreements		2,416,336,923.34	6,148,424,881.55
Net increase in customer brokerage deposits		5,197,315,125.83	5,691,517,150.41
Cash received from other operating activities	6.50	3,168,638,701.53	1,935,501,414.69
Total cash inflow from operating activities		16,869,751,411.76	18,332,519,662.85
Net increase / (decrease) in margin accounts		3,817,381,942.52	6,259,866,324.64
Net decrease in customer brokerage deposits		-	-
Net increase / (decrease) in investing in financial instruments measured at fair value through profit or loss		6,318,861,007.76	120,879,308.29
Net decrease in due to banks and other financial institutions		1,087,000,000.00	-
Net decrease in repurchase agreements		-	-
Interest, fee and commission paid		1,800,480,245.47	613,155,035.45
Cash payments for employees		1,088,577,356.15	568,555,574.49
Tax expenses paid		1,041,861,388.99	437,469,194.67
Cash paid for other operating activities	6.50	410,551,750.60	1,051,026,854.65
Total cash outflow from operating activities		15,564,713,691.49	9,050,952,292.19
Net cash inflow / (outflow) from operating activities	6.51	1,305,037,720.27	9,281,567,370.66
2. Cash flows from investing activities:			
Cash received from investment		-	-
Dividend income received		1,429,316,821.31	1,070,541,292.60
Cash received from disposal of subsidiaries or other operating entities		-	-
Cash received from other investing activities	6.50	1,959,939.13	244,004.28
Total cash inflow from investing activities		1,431,276,760.44	1,070,785,296.88
Cash paid for investment		12,610,560,053.40	2,893,545,533.37
Acquisition of property and equipments, intangible assets and other long-term assets		64,192,277.59	53,391,159.19
Acquisition of subsidiaries and other operating entities		-	-
Cash paid for other investing activities		-	-
Total cash outflow from investing activities		12,674,752,330.99	2,946,936,692.56
Net cash inflow / (outflow) from investing activities		-11,243,475,570.55	-1,876,151,395.68
3.Cash flows from financing activities:			
Cash received from capital injection		4,473,770,000.00	224,400.00
Including: capital injection into subsidiaries by non-controlling shareholders		-	224,400.00
Cash received from loans		600,000,000.00	500,000,000.00
Cash received from bond issuance		18,800,000,000.00	7,140,000,000.00
Cash received from other financing activities		-	409,430,000.00
Total cash inflow from financing activities		23,873,770,000.00	8,049,654,400.00
Cash paid for debt redemption		8,691,707,966.00	6,420,000,000.00
Dividend and interest paid		960,300,301.20	407,960,671.23
Including: Dividends paid to non-controlling shareholders		-	-
Cash paid for other financing activities		-	-
Total cash outflow from financing activities		9,652,008,267.20	6,827,960,671.23
Net cash inflow / (outflow) from financing activities		14,221,761,732.80	1,221,693,728.77
4.Effect of exchange rate fluctuation on cash and cash equivalents		600,220.96	33,475.76
5.Net increase / (decrease) in cash and cash equivalents	6.51	4,283,924,103.48	8,627,143,179.51
Add: Cash and cash equivalents at the beginning of the year	6.51	14,363,439,774.32	5,736,296,594.81
6.Cash and cash equivalents at the end of the year	6.51	18,647,363,877.80	14,363,439,774.32

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Changes in Equity

2015

Prepared by: Dongxing Securities Company Limited — **Unit: RMB**

Current year

Item	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Non-controlling interests	Total equity
	Attributable to the owner of parent								
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00	-	423,897,335.02	394,995,164.76	789,990,329.52	2,497,455,807.81	224,416.90	7,435,313,054.01
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction to errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00	-	423,897,335.02	394,995,164.76	789,990,329.52	2,497,455,807.81	224,416.90	7,435,313,054.01
3. Movement during the year (decrease denoted by "-")	500,000,000.00	3,973,770,000.00	-	32,863,301.03	344,152,914.71	481,968,063.46	817,171,940.23	44,140.33	6,149,970,359.76
(1) Total comprehensive income	-	-	-	32,863,301.03	-	-	2,043,932,918.40	44,140.33	2,076,840,359.76
(2) Increase / (decrase) in investments by shareholders	500,000,000.00	3,973,770,000.00	-	-	-	-	-	-	4,473,770,000.00
1. Ordinary stocks injected by shareholders	500,000,000.00	3,973,770,000.00	-	-	-	-	-	-	4,473,770,000.00
2.Capital injected by other equity instrument-holders	-	-	-	-	-	-	-	-	-
3. Share-based payments to equity	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(3) Profits distribution	-	-	-	-	344,152,914.71	481,968,063.46	-1,226,760,978.17	-	-400,640,000.00
1. Surplus reserve	-	-	-	-	344,152,914.71	-	-344,152,914.71	-	-
2. Provision for general risks	-	-	-	-	-	481,968,063.46	-481,968,063.46	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-400,640,000.00	-	-400,640,000.00
4. Others	-	-	-	-	-	-	-	-	-
(4) Internal transfers within equity	-	-	-	-	-	-	-	-	-
1. From capital reserve to share capital	-	-	-	-	-	-	-	-	-
2. From surplus reserve to share capital	-	-	-	-	-	-	-	-	-
3. Surplus reserve to recover accumulated losses	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-
1. Extracted for this year	-	-	-	-	-	-	-	-	-
2. Used during the year	-	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-	-
4. Ending balance of this year	2,504,000,000.00	5,298,520,000.00	-	456,760,636.05	739,148,079.47	1,271,958,392.98	3,314,627,748.04	268,557.23	13,585,283,413.77

Prior year

Item	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Non-controlling interests	Total equity
	Attributable to the owner of parent								
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00	-	82,009,084.19	300,059,126.01	600,118,252.02	1,741,666,224.72	-	6,052,602,686.94
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction to errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00	-	82,009,084.19	300,059,126.01	600,118,252.02	1,741,666,224.72	-	6,052,602,686.94
3. Movement during the year (decrease denoted by "-")	-	-	-	341,888,250.83	94,936,038.75	189,872,077.50	755,789,583.09	224,416.90	1,382,710,367.07
(1) Total comprehensive income	-	-	-	341,888,250.83	-	-	1,040,597,699.34	16.90	1,382,485,967.07
(2) Increase / (decrase) in investments by shareholders	-	-	-	-	-	-	-	224,400.00	224,400.00
1. Ordinary stocks injected by shareholders	-	-	-	-	-	-	-	224,400.00	224,400.00
2.Capital injected by other equity instrument-holders	-	-	-	-	-	-	-	-	-
3. Share-based payments to equity	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(3) Profits distribution	-	-	-	-	94,936,038.75	189,872,077.50	-284,808,116.25	-	-
1. Surplus reserve	-	-	-	-	94,936,038.75	-	-94,936,038.75	-	-
2. Provision for general risks	-	-	-	-	-	189,872,077.50	-189,872,077.50	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(4) Internal transfers within equity	-	-	-	-	-	-	-	-	-
1. From capital reserve to share capital	-	-	-	-	-	-	-	-	-
2. From surplus reserve to share capital	-	-	-	-	-	-	-	-	-
3. Surplus reserve to recover accumulated losses	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-
1. Extracted for this year	-	-	-	-	-	-	-	-	-
2. Used during the year	-	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-	-
4. Ending balance of this year	2,004,000,000.00	1,324,750,000.00	-	423,897,335.02	394,995,164.76	789,990,329.52	2,497,455,807.81	224,416.90	7,435,313,054.01

The notes on pages 13 to 160 form part of these financial statements.

Legal representative : **Accounting-in-charge :** **Finance-in-charge :**

Company Level Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	2015.12.31	2014.12.31
Assets:		-	-
Cash and bank balances		12,196,582,615.61	9,178,376,592.08
Including: cash held on behalf of customers		10,116,881,723.59	6,306,335,152.47
Clearing settlement funds		5,914,085,883.55	3,949,581,121.24
Including: deposits held on behalf of customers		5,149,795,554.82	3,350,612,909.21
Margin accounts		12,948,827,474.95	9,150,532,442.14
Financial assets measured at fair value through profit or loss		5,758,336,431.34	519,585,856.01
Derivative financial assets		-	-
Financial assets held under resale agreements		5,939,414,805.46	2,786,342,304.87
Accounts receivable		73,129,119.69	46,167,756.75
Interests receivable		448,429,262.68	195,059,887.08
Refundable deposits		198,275,518.92	343,869,493.81
Available-for-sale financial assets		18,774,471,265.61	6,293,622,678.71
Long-term equity investments	16.1	738,306,355.56	738,306,355.56
Fixed assets		239,927,507.76	245,704,293.74
Construction in progress		-	-
Deferred tax assets		21,839,731.36	18,826,053.59
Goodwill		-	-
Deferred income tax assets		343,491,200.07	174,828,727.99
Other assets		10,836,635.36	12,515,574.74
Total assets		63,605,953,807.92	33,653,319,138.31

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	2015.12.31	2014.12.31
Liabilities:			
Short-term borrowing		-	-
Short-term financing payables		2,930,000,000.00	1,000,000,000.00
Due to banks and other financial institutions		1,350,000,000.00	2,437,000,000.00
Financial liabilities measures at fair value through profit or loss		-	-
Derivative financial liabilities		1,574,345.93	-
Financial assets sold under repurchase agreemer		15,750,389,225.53	10,347,391,368.92
Acting trading securities		15,369,540,721.29	9,503,326,996.91
Funds payable to securities issuers		-	-
Employee benefits		1,265,639,355.91	610,371,956.06
Tax payable		272,168,975.25	125,764,055.81
Accounts payable		272,567,882.35	532,621,095.44
Interests payable		618,040,503.38	111,655,549.67
Provision		15,302,716.00	-
Long-term loans		-	-
Bond payable		12,200,000,000.00	2,000,000,000.00
Deferred tax liabilities		139,525,707.51	65,225,563.49
Other liabilities		2,483,355.00	2,696,214.00
Total liabilities		50,187,232,788.15	26,736,052,800.30
Equity		-	-
Paid-in-capital		2,504,000,000.00	2,004,000,000.00
Capital reserve		5,298,520,000.00	1,324,750,000.00
Less: Treasury stock		-	-
Other comprehensive income		329,648,607.49	195,676,690.45
Surplus reserve		739,148,079.47	394,995,164.76
General risk reserve		1,271,958,392.98	789,990,329.52
Profit distribution		3,275,445,939.83	2,207,854,153.28
Total equity		13,418,721,019.77	6,917,266,338.01
Total liabilities and equity		63,605,953,807.92	33,653,319,138.31

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Statement of Profit or Loss and Other Comprehensive Income

2015

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	Current year	Prior year
1. Operating revenue		**5,528,702,657.39**	**2,367,053,693.79**
Net fee and commission income	16.2	3,573,926,898.55	1,480,625,616.06
Including: Net fee income from brokerage		2,416,215,336.73	1,020,321,367.33
Net fee income from investment banking		609,872,022.80	227,888,421.61
Net fee income from asset management		531,240,845.82	206,849,664.67
Net interest income	16.3	253,129,373.05	290,494,954.05
Investment income/(losses)	16.4	1,578,239,592.09	600,948,582.73
Including: Investment income from associates and joint ventures		-	-
Gains/(loss) from changes in fair value	16.5	120,940,039.18	-6,078,668.86
Foreign exchange gains/(losses)		600,220.96	33,475.76
Other operating income	16.6	1,866,533.56	1,029,734.05
2. Operating expenses		**2,627,888,746.94**	**1,206,761,355.43**
Business tax and surcharges		327,982,299.66	124,653,156.28
General and administrative expenses		2,202,226,699.75	1,033,165,385.06
Impairment losses	16.7	97,679,747.53	48,942,814.09
Other operating expenses and losses		-	-
3. Operating profit/(loss)		2,900,813,910.45	1,160,292,338.36
Add: Non-operating income		1,698,527.09	6,061,414.33
Less:Non-operating expenses		4,216,306.34	2,006,497.43
4. Profit/(Loss) before tax		2,898,296,131.20	1,164,347,255.26
Less: Income tax expense		603,943,366.48	214,986,867.76
5. Net Profit/(Loss)		2,294,352,764.72	949,360,387.50
6.Other comprehensive income, net of tax		133,971,917.04	188,711,428.39
(1) Items that may not be reclassified subsequently to profit or loss		-	-
(2) Items that may be reclassified subsequently to profit or loss		133,971,917.04	188,711,428.39
1. Gains or losses arising from changes in the fair value of avaiable-for-sale financial assets		133,971,917.04	188,711,428.39
7.Total comprehensive income		2,428,324,681.76	1,138,071,815.89

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Cash Flow Statement

2015

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Item	Notes	Current year	Prior year
1. Cash flows from operating activities:			
Net increase / (decrease) in disposing financial instruments measured at fair value through profit or loss		-	248,923,827.82
Interest, fee and commission received		5,936,676,369.33	2,367,254,069.24
Net increase in due to banks and other financial institutions		-	2,091,000,000.00
Net increase in repurchase agreements		2,248,066,923.34	6,766,424,881.55
Net increase in customer brokerage deposits		5,866,213,724.38	4,942,781,970.21
Cash received from other operating activities	16.8	220,368,321.94	8,533,245.50
Total cash inflow from operating activities		14,271,325,338.99	16,424,917,994.32
Net increase / (decrease) in margin accounts		3,817,381,942.52	6,259,866,324.64
Net decrease in customer brokerage deposits		-	-
Net increase / (decrease) in investing in financial instruments measured at fair value through profit or loss		4,740,138,431.33	-
Net decrease in due to banks and other financial institutions		1,087,000,000.00	-
Net decrease in repurchase agreements		-	-
Interest, fee and commission paid		1,452,299,986.70	439,024,769.07
Cash payments for employees		1,038,877,605.86	533,126,793.17
Tax expenses paid		933,626,140.75	333,714,727.26
Cash paid for other operating activities		385,430,921.03	736,495,665.96
Total cash outflow from operating activities		13,454,755,028.19	8,302,228,280.10
Net cash inflow / (outflow) from operating activities	16.8	816,570,310.80	8,122,689,714.22
2. Cash flows from investing activities:			
Cash received from investment		-	-
Dividend income received		1,083,527,301.60	480,447,355.43
Cash received from disposal of subsidiaries or other operating entities		-	-
Cash received from other investing activities		179,939.13	244,004.28
Total cash inflow from investing activities		1,083,707,240.73	480,691,359.71
Cash paid for investment		12,369,671,654.94	2,074,531,058.31
Acquisition of property and equipments, intangible assets and other long-term assets		61,364,331.39	46,927,912.67
Acquisition of subsidiaries and other operating entities		-	-
Cash paid for other investing activities		-	-
Total cash outflow from investing activities		12,431,035,986.33	2,121,458,970.98
Net cash inflow / (outflow) from investing activities		-11,347,328,745.60	-1,640,767,611.27
3.Cash flows from financing activities:			
Cash received from capital injection		4,473,770,000.00	-
Cash received from loans		-	-
Cash received from bond issuance		18,800,000,000.00	7,140,000,000.00
Cash received from other financing activities		-	409,430,000.00
Total cash inflow from financing activities		23,273,770,000.00	7,549,430,000.00
Cash paid for debt redemption		7,079,430,000.00	5,820,000,000.00
Dividend and interest paid		681,471,000.32	118,295,671.23
Cash paid for other financing activities		-	-
Total cash outflow from financing activities		7,760,901,000.32	5,938,295,671.23
Net cash inflow / (outflow) from financing activities		15,512,868,999.68	1,611,134,328.77
4.Effect of exchange rate fluctuation on cash and cash equivalents		600,220.96	33,475.76
5.Net increase / (decrease) in cash and cash equivalents	16.8	4,982,710,785.84	8,093,089,907.48
Add: Cash and cash equivalents at the beginning of the period	16.8	13,127,957,713.32	5,034,867,805.84
6.Cash and cash equivalents at the end of the period	16.8	18,110,668,499.16	13,127,957,713.32

The notes on pages 13 to 160 form part of these financial statements.

Legal representative: Accounting-in-charge: Finance-in-charge:

Company Level Statement of Changes in Equity

2015

Prepared by: Dongxing Securities Company Limited | **Unit: RMB**

Item	Current year								Prior year							
	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Total equity	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Total equity
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00	-	195,676,690.45	394,995,164.76	789,990,329.52	2,207,854,153.28	**6,917,266,338.01**	2,004,000,000.00	1,324,750,000.00	-	6,965,262.06	300,059,126.01	600,118,252.02	1,543,301,882.03	**5,779,194,522.12**
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction to errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00	-	195,676,690.45	394,995,164.76	789,990,329.52	2,207,854,153.28	**6,917,266,338.01**	2,004,000,000.00	1,324,750,000.00	-	6,965,262.06	300,059,126.01	600,118,252.02	1,543,301,882.03	**5,779,194,522.12**
3. Movement during the year (decrease denoted by "-")	500,000,000.00	3,973,770,000.00	-	133,971,917.04	344,152,914.71	481,968,063.46	1,067,591,786.55	**6,501,454,681.76**	-	-	-	188,711,428.39	94,936,038.75	189,872,077.50	664,552,271.25	**1,138,071,815.89**
(1) Total comprehensive income	-	-	-	133,971,917.04	-	-	2,294,352,764.72	**2,428,324,681.76**	-	-	-	188,711,428.39	-	-	949,360,387.50	**1,138,071,815.89**
(2) Increase / (decrase) in investments by shareholders	500,000,000.00	3,973,770,000.00	-	-	-	-	-	**4,473,770,000.00**	-	-	-	-	-	-	-	-
1. Ordinary stocks injected by shareholders	500,000,000.00	3,973,770,000.00	-	-	-	-	-	**4,473,770,000.00**	-	-	-	-	-	-	-	-
2.Capital injected by other equity instrument-holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profits distribution	-	-	-	-	344,152,914.71	481,968,063.46	-1,226,760,978.17	**-400,640,000.00**	-	-	-	-	94,936,038.75	189,872,077.50	-284,808,116.25	-
1. Surplus reserve	-	-	-	-	344,152,914.71	-	-344,152,914.71	-	-	-	-	-	94,936,038.75	-	-94,936,038.75	-
2. Provision for general risks	-	-	-	-	-	481,968,063.46	-481,968,063.46	-	-	-	-	-	-	189,872,077.50	-189,872,077.50	-
3. Distributions to shareholders	-	-	-	-	-	-	-400,640,000.00	**-400,640,000.00**	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal transfers within equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. From capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. From surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to recover accumulated losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Extracted for this year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Used during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of this year	2,504,000,000.00	5,298,520,000.00	-	329,648,607.49	739,148,079.47	1,271,958,392.98	3,275,445,939.83	**13,418,721,019.77**	2,004,000,000.00	1,324,750,000.00	-	195,676,690.45	394,995,164.76	789,990,329.52	2,207,854,153.28	**6,917,266,338.01**

The notes on pages 13 to 160 form part of these financial statements.

Legal representative : **Accounting-in-charge :** **Finance-in-charge :**

Dongxing Securities Company Limited

Notes to the financial statements for the year 2015

(Unless otherwies stated, the reporting currency stated in this report is Renminbi (“RMB”))

1.COMPANY STATUS

Dongxing Securities Company Limited (the Company) was incorporated by China Orient Asset Management Corporation, Aluminum Corporation of China and Shanghai Dasheng Assets Co., Ltd (the shares were taken over by Shanghai Guosheng Asset Co., Ltd in 2014 by business merge).

Dongxing Securities Company Limited obtained <Approval of proposed incorporation of Dongxing Securities Company Limited> (Zheng Jian Ji Gou Zi [2007] No. 53) by China Securities Regulatory Commission (the “CSRC”) on 25 February 2007, <Approval of incorporation issues of Dongxing Securities Company Limited by China Orient Asset Management Cooperation> (Cai Jin [2007] No.14) approved by the Treasury Department on 6 March 2007, <Approval of incorporation of Dongxing Securities Company Limited by China Orient Asset Management Cooperation> (Yin Jian Fu [2007] No.148) by China Banking Regulatory Commission on 3 April 2007 and <Official approval of the incorporation of Dongxing Securities Company Limited> (Zheng Jian Xu Ke [2008] No.665) by CSRC on 12 May 2008. The business license was issued by the State Administration for Industry and Commerce of the People’s Republic of China on 28 May, 2008.

By the approval of <Official approval of the Initial Public Offerings by Dongxing Securities Company Limited> by the CSRC on 30 January, 2015, the company issued the 500 million ordinary A-shares to the public at RMB 1.00 per share. Registered capital was RMB 2,504 million after the IPOs, and the company was listed in the Shanghai Stock

Exchange on 26 February, 2015.

As to 31 December, 2015, the total shares of the company amount to RMB 2,504 million, with the registered capital being RMB 2,504 million. The company had changed its business license code to 91110000710935441G on 20 October 2015. The registered address is 12/15F, No.5 (Xinsheng Plaza), Finance Street, Xicheng District, Beijing. The business scope covers: Approved operating activities: securities brokerage; securities investment consulting; Financial consultancy related to the securities trading and investments; underwriting of securities; sales of securities investment funds; securities proprietary trading and securities assets management; sourcing business for futures companies; equity and debt financing; consignment sales of financial products. Normal operating activities: Not applicable.

Up to 31 December 2015, the company had 4 braches and 61 operating departments. There are 27 subsidiaries are taken into the consolidation in 2015, including 9 legal entities and 18 structural entities (refer to Notes 8 ‘Equity in other entities’). Compared to the previous year, the company has 12 more consolidated entties and 4 less liquidated entities, including 3 legal entities, 9 structural entities and 4 liquidated structural entities (refer to Notes 7 ‘Changes in the consolidation scope’).

The financial statements were approved and authorised by the Board of Directors on 4 March 2016.

2. BASIS OF PREPARATION

The financial statements are prepared on the basis of going concern and actual transactions and events, in accordance with the disclosure requirements by <China Accounting Standards-General Framework> (Ministry of Finance No.33, No.76) issued by Ministry of Finance, 41 specific accounting standards issued and amended subsequent to 15 February 2006, China Accounting Standards Practical Guide, China

Accounting Standards Interpretation and other relevant requirements (The CAS), <Financial statements format and notes for Securities companies> (Cai Kuai [2013] No.26), <Annual report content and format for Securities companies> (Zheng Jian Hui Gong Gao [2013] No.41) and <Information disclosure requirements No.15 - General requirements for financial report for Listed Companies> (2014 revised).

In compliance with the CAS requirements, the accounting treatments are prepared on the accrual basis. The financial statements have been prepared under the historical cost convention. Provisions for asset impairment are made in accordance with relevant requirements.

3. DECLARATION OF COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements are prepared in compliance with the CAS requirements and have disclosed the company and its subsidiaries financial positions as at 31 December 2015, financial performance and cash flows for the year then ended in a true and fair manner. The financial statements are also, in all material aspects, in compliance with the <Information disclosure requirements No.15-General requirements for financial report for Listed Companies> revised in 2015 by the CAS.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1Accounting year

The Company's accounting periods are presented as accounting year and interim accounting period. The interim accounting period represents the reporting period that is shorter than the accounting year. The accounting year of the Company is from 1 January to 31 December.

4.2Functional currency

The currency of the company and its Chinese subsidiaries' major operating economic environment is denominated in Renminbi (RMB). The company and its Chinese subsidiaries adopt RMB as the functional currency. The currency of the company and its overseas subsidiaries' major operating economic environment is denominated in HK$. The financial statements are presented in RMB.

4.3Business combination for entites under common control and different control

Business combination, transaction or other event in which anacquirer obtains control of one or more business. Business combination split into business combinations of entities under common control and under difference control.

(1)Business combination for entities under common control

A business combination involving entities or businesses under common control is a business comination in which all of the combining entities or businesses are ultimately controlled by the same party or oarties both before and after the business combination, and that control is not transitory. Business combination for entities under common control, acquiree means the business or businesses that the acquirer obtains control of in a business combination. Acquirer means the entity that obtains control of the acquiree. Acquision date means the date on which the acquirer obtains control of the acquiree.

Assets and liabilities of the acquirer shall be measured at the carrying value of the acquirer on the date of the acquisition. The difference between the carrying value of the net assets acquired by the acquirer and the consideration transferred of the book value will be adjust to the share premium, if the share premium is not sufficient to reduce amount, thus the retained earnings shall be adjusted.

Any acquirer makes the expense directly related to the business combination, will be record in the profit and loss immediately.

(2) Business combination for entities under different control

A business combination involving entities or businesses under non untairy control is a business comination in which all of the combining entities or businesses are ultimately controlled by the difference party. Business combination for entities under non untairy control, acquiree means the business or businesses that the acquirer obtains control of in a business combination. Acquirer means the entity that obtains control of the acquiree. Acquision date means the date on which the acquirer obtains control of the acquire

For the business combination for entities under different control, combination cost include in the acquisition day that acquirer in order to obtain the acquires power of control that must paid asset and liabilities and fair value of the equity securities issued by the auditing, legal services for the business combination,assessment consulting intermediary fee and other fee for occurs into the profit and loss.Acquirer as issuing equity securities or debt securities transaction cost, included in the equity securities or the initially recognized amount of the debot securities.

Acquirer generated combination costs and in the acquisition processing obtained identifiable net assets are measured at the acquisition date. In the combination process, the different generated from cost more than acquiree's identifiable net asset in the purchased day are recognized as goodwill. If combination costs less than the fair value of identifiable net assets, firstly, the acquire obtained the identifiable assets, liabilities and contingent liabilities of the fair value of the measurement as well as the combination costs for review. After review the acquire combination costs are still less than the fair value of identifiable net assets, the different will through the profits and losses

4.4Preparation and presentation of consolidated financial statement

(1)The principle of determining the scope of consolidated financial statements

Scope of consolidated financial statements are basins of control and shall be determined. Control refers to the company has power over the investee, by participating in the relevant activities of the in vestors and have variable returns, and ability to use the power to influence the return amount of the invstee. The combination scope is including the company and all subsidiaries. Subsidiary is main body but controlled by the company.

Once the relevant facts and circumstances of change in related to the relevant factor changed, the company will be remeasured once the relevant that mentioned before.

(2)The method of prepartation of consolidated financial statements

From obtained the actual controlled day of subsidiary's net assets and production operation decision begin, the company can have included in the consolidated scope:and when the control loss, company will derecognize the subsidiary. For the disposal of the subsidiary, prior to disposal of operating results and cash flow have been properly included in the consolidated income statement and consolidated cash flow statements; if disposal the subsidiary in current period, it do not need adjust the consolidated balance sheet. Subsidiary new mergered from the company not under the difference control, the operating result and cash flow are suitably includeing the consolidated income statement and cash flow statement after acquisition day, and it not need to adjusted the consolidated financial statement's opening amount and the comparative amount. Subsidiary of increased under the same control and absorption of merger and acquiree, the combined party's combined year of beginning to the combining date of operating result and cash flow have been properly included in the consolidated income statement and cash flow statement.and simultaneously adjust the contrast of consolidated financial statements.

When preparing consolidated financial statements,subsidiary and the company adopts the accounting policies or accounting period inconsistent, company will follow the reporting enetity's accounting policy or accounting period to make reasonably adjustment.For a business combination not under the same control unit, company will be adopted the fair value of the identifiable net asset as basis and make adjustment to financial statement.

All material balance, transaction, and unrealized profit in the preparation of financial statement shall be eliminated within the scope of financial statement.

Shareholders'equity with profit and loss that not belong to our company are respectively as the rights and interests of minority shareholders and minority in the profit and losses in the consolidated financial statements separately listed under shareholders'equity and net profit. Net profit and loss of subsidiary belong to minority shareholders'equity share will be listed in the consolidated income statement of "minority shareholder in profit and loss".

When the disposal of part of the equity investment or other reason make original subsidiary lose control, the rest of the equity will have remeasured at fair value. The sum of disposal consideration for equity with the rest of the fair value of equity, and minus original subsidiary since the acquisition continuous calculation of the difference between the share of the net assets will include in the loss of control over the current investment income. Other comprehensive income is related to original subsidiary will be transfer into the current profit and loss in investment at the day of control lost. After that, for the remainder of this part of equity, according to "accounting standards for enterprise No.2-long term equity investment" or "accounting standards for enterprises No.22-recognition and measurement of financial instrument"and related regulation for subsequent measurement, please see the notes 4.14"long term equity investment" or notes 4.8"Financial instrument".

Company need to distinguish the disposal of subsidiary company equity investment until the loss of control of the various transactions whether belongs to a package transaction. Dispoal equity investiment in subsidiaries in all kinds of trade term，conditions and economic effect in accordance with one or more if the following situations are indicated multiple transactions should be as a package transaction for accounting treatment. If the following situations are indicated multiple transactions should be a package transaction for accounting treatment. ①These transaction conclude in the meantime or the condition that each part will be impacted. ②These transactions as a whole to achieve a complete business results；③The occurrence of one transaction are depends on the at least one other transaction；④One transaction seprate seems like not the economy, but it also canbe economic when consider this transaction with other trading. If one transaction are not belong to the package transaction, each of transaction will be according to the “Part disposal of subsidiaries of a long-term equity investment under the control not lose” and each of the transaction will resoectively follow the part disposal subsidiaries of a long-term equity investment under the control not lose” (refer to notes 4.14.(2)④)and “because of the disposal of part of the equity investment or other reasons lose control” of the original subsidiaries suited for the principle as accounting treatement. If disposal subsidiary company equity investment at other each transaction is belonging to a package transaction until company losing control, thus each transaction canbe treat with one accounting treatment that each transaction as recognize as one transaction of disposal of subsidiaries and loss of control transactions accounting treatment. However, the difference between the disposal price of prior before control lost with comapnay net asset woll be recognized as other comprehensive income, and also transfer the current year profit and loss when control lost.

4.5Designation of cash and cash equivalent

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term (generally due within 3 months since transaction), highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

4.6Translation of Foreign Currencies

(1)Translation of foreign currency transactions

Company foreign currency business are measured at the tongzhang system, when the foreign currency transaction happened, the transaction will be record the functional curreny and the original currency.

Due to foreign exchange transaction happened, the foreign exchange trading price difference and the currency convertible generate difference are directly recoded into the profit and loss.

(2)Translation of foreign currency item in non-monetary and monetary item

In the financial position day, company will conversion the other than the functional currency into the functional currency, the monetary item at the spot exchange rate on the balance.

(3)Translation of foreign currency

When preparing the consolidated financial statements, and there is substantially net investment in an oversea operation of foreign currency monetary item, Exchange difference arising from the re-transalation at the end of each year of the parent's net investment should be recognized in other comprehensive income, not through the profit or loss for the year, until the disposal of the net investment. On disposal, the gains or losses recognized to date will be reclassified to profit or loss.

Overseas business of foreign currency financial statement in accordance with the following method to convert their foreign curreny statements: the assets and liabilities in the balance sheet item, using the spot exchange rate on the balance sheet date;beside"undistributed profit"at the shareholders'equity, other item adopted occurs spot exchange rate.Amounts in the statement of profit or loss and other comprehensive income should be translated at the rate ruling at the date of the transaction.Undistributed profit at the beginning of year is the prior year conversion undistributed profit at the year end;conversional undistributed proft at the year end are calculated and listed on profit distributed to each itmes;After coversional margin calculated by asset with total amount of liabilities and shareholders'equity, foreign currency difference in statement will identified as other comprehensive income.When company disposal of overseas business and loss of control, related to overseas business of convert difference in foreign currency statement within the shareholder’s equity, all or proportion of disposal the overseas business transfer to the profit and loss.

The beginning of the year and prior year actual amount will follow by the prior year convertible amount listed in the financial statements.

On the disposal of the company in the oversea business of all shareholder equity, or parts of disposal of equity investment or reason let oversea business lost control. The shareholder’s equity in the balance sheet item and the overseas business related attributable to the parent company of the owner’s equity of foreign currency statements convert the difference, all these amount by disposal will transfer to the profit and losses.

When the part of equity investment or other reason lead to hold oversea business equity proportation to reduce but did not lose control on overseas operations. Associated with the disposal of part in an overseas operatin of foreign currency statements convert the difference will be relegated to minority shareholders’equity, but not into the profits and losses of the current period. In disposal of joint operation and part equity of joint venture, the convert difference in foreign currency statement will followed proportion of oversea business transfer to disposal of profit and losses.

4.7Customer trading settlement funds

The company receives the customer trading settlement funds deposited in a designated account of the depository bank, and separated from its own capital management. For deposits arising from fund settlement and trading as a result of securities trading on behalf of customers as an agent, such deposit are required to be deposited into settlement agent institution as designated by the exchange and settled in the trading settlement funds. When the company as an agent received funds from the clients for trading securities shall be recognized as assets and liabilities.

Company accept customers' order to trade securities as an agent on a stock exchange. When settling with the clients: If the total transaction amounts of purchasing stock is more than total transaction amounts of selling stock. According to the difference of the settlement date for securities trading price, and plus withholding stamp duty and commission and other fee, customers' transaction settlement funds should reduce; if the total transaction amounts of purchasing stock is less than the total transaction amounts of selling stock, based on the difference of the settlement date for securities trading price, less withholding stamp duty and customers commission fee etc, customers' transaction settlement fund should increase.

Company in accordance with the requirement make interest settlement and increased customer's transaction settlement funds quarterly.

4.8Financial Instruments

(1)Determination of fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is an active market for a financial instrucment, the quoted price in the active market is used to establish the fair value of the financial instrucment. The quoted price in the active market refers to the price can be easily obtained from stock exchanges, brokers, industry associations, pricing service institutions regularly, and represents the actual occurrence in the fair market transaction price. If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and etc.

(2)Financial instrument recogniation and derecogniation

Company become a part of the contract of financial instruments will recognization an asset or financial laibailities. The financial asset shall be derecognized if one of the following conditions is satisfied:

① the contractual rights to the cash flows from the financial asset expire;

② the financial asset has been transferred and substantially all risks and rewards associated with the ownership of the financial asset have been transferred to the transferee.

③upon the transfer of the financial asset, the Company neither transfers nor retain substantially all the risks and rewards associated with the ownership of the financial asset, but the Company has not retained control of the financial asset.

When a financial liability (or part of it) is derecognized, the changes therein between the book value and the consideration (include the non monetary asset transferred out and liability for the new financial liability), are recognized in profit or loss.

(3)Categorise and measurement of financial assets

Companies based on risk management and investment strategy will split financial asset into four categories: Financial assets at fair value through profit or loss, Held-to-maturity investments, Loans and receivables, Available-for-sale financial assets.

① Financial assets measured at fair value through profit or loss. Including financial assets and financial assets held for trading that measured at fair value through profit and loss.

Financial assets held for trading that meet any of the following conditions are financial assets:(1)the purpose of the acquisition the financial assets is principally for selling in the near team(2)as part of a identifiable financial instrument portfolio for centralized management, and there is objective evidence that the Company uses the short-term profit mode for the management of the portfolio;(3) a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and related dividend income and interest income are recognised in profit or loss. Company sold tradable financial assets transfer to cost by weighted average method.

② Loans and receivable: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. The changes arise in derecognition, impairment or amortise are recognized the profit or loss.

Company in securities margin trading service condition, which lending fund to client and created margin lending, the margin lending will be measured at amount lending to clients.

③ Available-for-sale financial assets: measured at fair value subsequent to initial recognition, and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss, are recognised as other comprehensive income.

Available for sale financial assets at fair value as obtained and related transaction cost as the total amount of initial recognition, the subsequent measured at fair value. Beside the impairment loss and foreign currency financial asset amortised cost related exchange balance confirmation for the profits and losses of the current period, changes in the fair value of available for sale financial assets shall be recognized as other comprenhensive income. And the amount of the financial asset will be transferred in derecognized period and through the profits and losses.

Interest income and dividends declare by the investee during the holding period of available-for-sale financial assets, are recognized as investment income through profit and loss.

For which there is no quoted price in the active market and whose fair value cannot be reliably measured the equity instrument investments, and linked to the equity instrument and must be settled by delivery of the equity instruments of the derivative financial assets and measured at cost.

(4)Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. The indicator of the objective evidence shows that financial assets impairment refers to actual happened after the initial recognition of financial assets, the expected future cash flow of the financial assets and the company canbe measured the effect reliably. Financial assets impairments of objective evidence including the following:

a. the issuer or the debtor has financial difficulties.

b. The debtor violated the term of th contract, such as pay interest or principal defaults or overdue.

c. Creditor consider economic or legal issue so that make concession on debtor with financial difficulty.

d. The debtor is likely to fail or to another financial restructuring.

e. Due to the issuer happened major financial difficulties, the financial asset can't continue to trade in the active market.

f. Unable to identify whether a set of financial assets in an asset'cash flow is reduced, but according to public data on the overall evaluation, that the set of financial assets since the initial recognized of the expected future cash have indeed reduce and also canbe measured, such as the group of financial assets of the debtor to pay ability gradually deteriorated, or the debtor contry or region's unemployment rate increases, or the price of the collateral in its region decreases and the industry recession obviously.

g.The debtor operation areas'technology,market,economic or legal environment has significant adverse changes,so that equity instruments investor may not be able to recover the investment cost.

h. Fair value investment of equity instruments happened significant and not transitory decrease.

For the market to sell equity instruments continued fall below 50% of the cost or time up to more than one year, it canbe judged to serious or the temporary decline, simultaneously, company should consider relevant factor and from the hold to sell equity instrument investment in the whole time and make comprehensive judgement.

To determine the available for sale of fair value of the equity instruments investment whether significant and not transitory decrease to show that the available for sale equity instrument investment happened impairment.

i. Objective evidence of other shows that financial assets are impairment

① Impairment for held-to-maturity investment, loans and receivables

Financial assets that are measured at cost or amortised cost that reduce their carrying amount to the present value of the estimated future cash flows, the reduction is recognized as impairment losses andare recognized in profit and loss. If, after an impairment loss has been recognised on financial assets there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

②Impairment for available-for-sales financial assets

When an available for sale financial asset is impaired,the cumulative loss arising from decline in fair value that has been recognised directly in equity is transferred to profit or loss. The cumulative loss being transferred refer to balance of the initial recognized cost that deducts any principal amount received and the amortised amount, current fair value and the initial impaired amount recognised in profit or loss.

If, after an impairment loss has been recognised, the value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is reversed through other comprehensive income, and an impairment loss recognized for an available-for-sale debt instruments is reversed through profit or loss.

Impairment loss of a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured, such impairment loss is not reversed.

(5)Reconition basis and measurement method for financial asset transfer

The financial asset shall be derecognized if one of the following conditions is satisfied: ① the contractual rights to the cash flows from the financial asset expire; ② the financial asset has been transferred and substantially all risks and rewards associated with the ownership of the financial asset have been transferred to the transferee; ③ upon the transfer of the financial asset, the Company neither transfers nor retains substantially all the risks and rewards associated with the ownership of the financial asset, but the Company has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

If the entire financial assets transfer meets the derecognition criteria, the transferred financial assets' book calue and received consideration by transferred with accumulative amount with original recorded in the other comprehensive income by fair value will be through the profits and losses.

If a part of the transferred financial asset qualifies for derecognizing, the carrying amount of the transferred financial asset in its entirety shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the following two amounts shall be included in profit or loss for the current period: (a) the carrying amount allocated to the part derecognized; (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income.

(6)Categorise and measurement of financial liabilities

At initial recognition, a financial liability is classified at fair value through profit or loss or other financial liabilities. Financial liabilities are measured at fair value in initial recognition. For financial liabilities measured at their fair values through profit or loss, the transaction costs thereof are directly recognized into the profit or loss. As for other financial liabilities, the transaction costs thereof are included in the initial cost.

① Financial liabilities at fair value through profit or loss

The recognition criteria for financial liabilities held for trading and financial liabilities as fair value through profit or loss, and the recognition criteria for financial assets held for trading and financial assets as fair value through profit or loss are the same.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and related dividend income and interest income are recognised in profit or loss.

② Other financial liabilities

For investment equity instruments that have no quotation in the active market and their fair value cannot be measured reliably, and the derivative financial liabilities that are linked to and must be settled by delivery of such equity instruments, are measured at cost subsequent to initial recognition.

(7)Derecognition of financial liabilities

The Company derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires. The agreement between the Company (debtor) and creditor, which use a new financial liability to replace the existing financial liability, and terms and conditions are substantively different between the new financial liability and the rexisting financial liability, the existing financial liability is then derecognized, and simultaneously recognized the new financial liability.

When a financial liability (or part of it) is derecognized, the changes therein between the book value and the consideration (include the non monetary asset transferred out and liability for the new financial liability), are recognized in profit or loss.

(8)Derivative and embedded derivative

Derivative is measured at fair value initially on the date of agreement, and measured at fair value subsequently. Derivative is at fair value through profit or loss. Besides designated as a hedging instrument and the highly effective hedging derivative changes in the fair value of the gain and loss will depend on the nature of the hedging relationship and through profit and loss, other changes fair value of derivative through profit and loss.

(9)Offset of financial asset and financial liability

When the Company has the legal right to offset the recognized financial asset and financial liability and the legal right is enforceable, and the Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously. A financial asset and a financial liability are offset and the net amount is presented in the balance sheet. Except for the above, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

(10) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company. The Company recognises the issuance (including refinancing), purchase back, sale or deregistered equity instrument as equity changes. The Company does not recognize equity instrument's fair value change. Transaction costs related to equity instruments are deducted from owners' equity.

Appropriation to the holders of equity instrument (exclusive of dividends from shares), are deducted from owners' equity. The Company does not recognize equity instrument's fair value change therein.

4.9Receivables

(1)Criteria for recognition of bad and doubtful debts

The Company carries out an inspection, on the balance sheet date, on the carrying amount of accounts receivable; where there is any objective evidence described below proving that such accounts receivable has been impaired, an impairment provision is made:

a. A serious financial difficulty occurs to the debtor;

b. The debtor breaches any of the contractual stipulations (default in the payment of interest or principal, etc);

c. The debtor is likely to become bankrupt or carry out other financial reorganizations;

d. Other objective evidences showing the impairment of receivables.

(2)Provision for bad and doubtful debt

① Impairment test is required for individually material account receivable (individually above RMB 5 million). If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value.

② Impairment test is required for the following accounts receivable which are not individually material. If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value.

These factor include: the receivables under disputes and litigation; the receivables with obvious evidence that the debtors are unlikely to repay the amounts, etc.

③ The remaining accounts receivables after individual testings noted above are categorized by credit risks together with the other individually immaterial accounts receivables. Provisions for doubtful debts are made with the comprehensive assessments by the actual loss rate for similar credit risk receivables in the previous year and the current year situations.

(3)Reversal of provision

If any objective evidence proves the reversal of the accounts receivables, which relates to the subsequent events after recognizing the loss, the provision is allowed to be reversed into current year'profit or loss. However, the reversed book amount should not exceed the amoritsed amount without provision at the reversal date.

The difference after the transaction amount less the written-off of accounts receivables and relevant tax is recognized into current year's profit or loss arising from the transfer of accounts receivable to the financial institutions without recourse.

4.10Accounting for buy-back sale and repurchase

Buy-back transaction follows the terms in contracts or agreements to buy relevant financial products (including debentures and bills) at certain price from the trading partners and resell the same financial product at agreed price at maturity date. The initial cost is recognized as the actual payments for the buy-back transaction.

Repurchase transaction follows the terms in contracts or agreements to sell relevant financial products (including debentures and bills) to the trading partners at certain price and repurchase the same financial products at agreed price at maturity date. The initial cost is recognized as the actual receipts for repurchase transaction. The sold financial products is accounted for and disclosed in the balance sheet as the original item.

The impairment test is required for stock pledge repurchase amount. If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value. If no impairment is made after the individual test, 0.50% provision is made together with the other stock-pledge repurchase amount.

4.11Margin trading

Margin trading refers to the transactions that the company lends funds to the customers for purchase of securities or lends securities for selling, and requires relevant margin by the customers. Margin trading is categorized as fund-financing business and securities-financing business.

The funds lending is recognized as receivables and related interest revenue is recognized. The securities are not derecognized for securities lending, and continue to be accounted for and accrue interest revenue.

Securities brokerage accounting is adopted for transacting securities on behalf of clients in margin trading.

Provision for fund-financing business is on the basis of closing balance at 0.50%.

4.12Refinancing business computation

Refinancing business refers to the China securities finance co; Ltd and lend their own funds or securities to our company for margin trading and securities lending operation purpose. The company of refinancing operation including margin trading and securities lending.

For margin trading, company received funds, recognized liabilities to lenders, and also recognized corresponding interest expense.

For securities lending, company can be received securities. Due to the main risk or earning are not owned by ours, company not recognized the corresponding interest expense and securities.

4.13Accounting for issuing securities agency

(1)For full underwriting of issuing securities agency, the company recognizes assets and liabilities at purchase price upon receiving the issued securities. The unsold securities after issue period are transferred into proprietory securities or long-term investments at purchase price.

(2)For balance underwriting of issuing securities agency, the unsold securtiries after issue period are transferred into the financial assets measured at fair value through profit or loss or available-for-sale financial assets at agreed purchase price.

(3)For consigned underwriting of issuing securities agency, the unsold securities are returned to the consigners.

4.14Accounting for asset management

Asset management refers to the business that the company manages entrusted assets for the trustees, including directed asset management, collective asset management and special asset management.

The company sets up the chart of accounts and accounts for the transactions on the subject of trustee or collective program for asset management business. Periodic review for the accounting records and valuation results with the trustees and periodic settlement with clients for due contracts are required, and commission charge and income is computed on the basis of the contracted return distribution method and rate.

4.15Long-term equity investments

Long-term equity investment refers to the investments with control, joint control or significant influence over the investees.

The long-term equity investments without control, joint control or significant influence over the investees are accounted for held-for-sale financial assets or financial assets measured at fair value through profit or loss (relevant accounting policies referred to Note 4.8 Financial Instruments).

(1)Initial cost recognition

The long-term equity investments arising from business combination are accounted for at the book value of the acquirer's interests in the ultimate holding's consolidated financial statements for the combination under the common control.

The long-term equity investments arising from the combination under non-common control should include the assets, liabilities and equity instruments for consideration.

The professional fees such as auditor's remuneration, legal fee, valuation consultancy are recorded into the current year's profit or loss. The issue charge of the issuing equity or debt securities will be recognized as part of initial cost.

Other equity investments not arising from business combination should be accounted for on the basis of actual purchase price, fair value of the issued equity securities, agreed price of investment contract or agreement, fair value or book value of non-monetary assets or the fair value of the long-term equity investments. Any direct attributable costs, taxes and other necessary costs are recognized as initial costs of long-term equity investments.

(2)Subsequent treatment

For long-term equity investments over which has joint control (except joint operation) or significant influence, equity method is adopted; long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements

① Long-term equity investments by cost method

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

② Long-term equity investments by equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee’s identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee’s net profit or loss based on the fair value of the investee’s individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated according to the asset impairment under <China Accounting Standards 8 – Impairment>. The investee’s other comprehensive income will be correspondingly adjusted to the carrying value of long-term equity investments and other comprehensive income. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are correspondingly adjusted to the carrying amount of the long-term equity investment, and included in the shareholder’s equity. The shareholder’s equity will be transferred into investment income or loss on the proportionate basis for disposal of the long-term equity investments.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

③ Acqusition of non-controlling interests

When preparing consolidated financial statements, the difference of the net assets between the increased long-term equity investments arising from acquiring non-controlling interests and the revised shareholdings based on the acquisition date of the subsidiaries will be adjusted to the capital reserve. Retained earnings will be adjusted if the difference exceeds capital reserve.

④ Disposal of long-term equity investments

In the consolidated financial statements, the difference between the proceeds from disposal of long-term equity investments and net assets of the subsidiaries will be adjusted to the shareholder’s equity if the parent does not lose control, otherwise refers to Note 4,4. Accounting policies for Accounting for consolidated financial statements.

For the other condition of the long-term equity investment, the difference between the book value and the actual price frotm the disposal of share will through the profit and loss immediately.

If the long-term equity investment is measured at equity method, and the remain equity are still use the equity method after the disposal, company in the disposal process will proportion the original other comprehensive income and the accounting treatment are the same with asset and liabilities account delt in the invested company. in addition, Beside the net profit of gain and loss, other comprehensive income and profit distribution in the change in equity’s other item, company canbe propoational them all and transfer to the profit and loss.

If the long-term equity investment is measured at cost method, and the remain equity are still use the cost method after the disposal, company before the obtained control of invested entites and adopt equity method or financial instrument to recognized and measured other comprehensive income which will proportion the original other comprehensive income and the accounting treatment are the same with asset and liabilities account delt in the invested company. in addition, Due to the adopt equity method to recognized other change in equity item but without net gain and loss, and other comprehensive income and profit distribution, company will proportional them all and transfer to the profit and loss.

4.16Fixed assets and Constgruction in progress

(1)Recognition criteria for fixed assets: The company recognizes fixed assets as the tangible assets held for operations, which will last more than one financial year with above RMB 2,000.

(2)The initial recognition of fixed assets is recorded at cost. The cost of purchased fixed assetsinclude purchase price, related taxes, directly attributable costs such as transportation fee, installation fee and professional fee; The cost of self-constructed fixed assets include any necessary costs prior to its intended use status. Subsequent repair and maintenance is recorded into profit or loss.

(3)Depreciation policy: The company adopts straight-line method for depreciation. The estimated useful life and residual value rate for each fixed asset are as follows:

Category	Estimated useful	Residual value rate	Annual
Plant and building	20 years	1.00	4.95
Electronic and communication	4 years	1.00	24.75
Office and other	3 years	1.00	33.00
Transportation facilities	5 years	1.00	19.80

The subsequent expenditures such as renewal or improvement could be capitalized to the cost of fixed assets if the future economic benefits could be increased. The subsitutes will deduct the book value of the fixed assets.

(4)Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, [borrowing costs capitalised before it is ready for intended use] and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The construction in progress reaching the intended use status but not completed yet is recognized as fixed assets at estimated valuation and depciated; Once it is completed, the difference is adjusted to the estimated valuation, but depreciation is not adjusted. The company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

(5)Imapirment test and impairment on fixed assets and construction in progress.

Imapirment test and impairment on fixed assets and construction in progress. Refer to note 4.20"Long term asset impairment".

4.17Borrowing costs

Borrowing costs including interest, amortisation of any discount or premium on borrowing, ancillary expenses, the exchange differences related to the principal and interest on foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress and ceases when the assets become ready for their intended use or sale. Other borrowing costs are recognized as expenses in profit or loss.

Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset; Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset.

Qualifiying assets are fixed assets, investment properties and inventories, etc. that are required substantive time period for acquisition, construction or production to become ready for their intended use or sale.

Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts for more than three months, unless the acquisition, construction or production of the assets are resumed.

4.18Intangible assets

(1)Intangible assets

Intangible assets mainly include software use rights and trading seats, etc.

When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life, an intangible asset with an indefinite useful life is not amortised. Company intangible assets include the right to use the software, and the company trading seats, etc. Based on the intangible assets status and estimated useful life, the following accounting estimates are provided for amortization period and methods.

① Software use rights is measured at actual cost and amortized over 2 years by straight-line method.

② Trading seats is measured at actual cost and amortized over 5 years by straight-line method.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

(2)Imapirment test and impairment on intangible asset refer to 4.20 long term assets impairment.

4.19Long-term prepaid expenses

Long-term prepaid expenses should be recognized at cost and amortised using the straight-line method over the expected periods in which benefits are derived.

4.20Impairment of Long-term assets

If the recoverable amount of the assets is less than the carrying amount, the deficit is accounted for as an impairment loss, which mainly includes fixed assets, intangible assets, construction-in-progree, long-term equity investments in subsidiaries and associates, etc.

If the impairment test indicates the assets’ recoverable amount is less than the carrying amount, the reduction is recognized as impairment provision of assets, and impairment loss charged in profit or loss. The recoverable amount of an asset should be the higher of that asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be devived from the asset. Provision for impairment for each asset should be estimated separately. For assets with recoverable amount can not be assessed individually,recoverable amount of that asset should be estimated within its corresponding asset group. A group of assets is the smallest group of assets that is able to generate independent cash flow.

For impairment test performed for goodwill presented seperately in fianancial statements, goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing. If the impairment test of goodwill indicates that the recoverable amount of an asset group, or set of asset groups is less than the carrying amount, impairment loss is recognized. For impairment losses related to an asset group or a set of asset groups, first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

4.21Hedge accounting

To efficiently manage the risk, the company could opt financial instrument meeting the criteria of hedging and adopts hedge accounting for treatment.

An entity may choose to designate a hedging relationship between a hedging instrument and a hedged item and the strategies between risk management portfolio and hedging transactions at the beginning. Besides, the company shall continue to assess the efficiency of the hedging to ascertain the highly efficiency of the relationship between a hedging instrument and a hedged item.

For the derivatives recognized as fair-value hedging, the gain or loss arising from the changes in fair value is charged to profit or loss. The gain or loss arising from the hedged item and the hedging risk is charged to profit or loss and adjusted to the book value.

The hedge accounting is terminated when the company cancels the hedging relationship, the hedging instruments are due or sold, contracts are terminated or conducted or it no longer fulfills the criteria of hedgie accounting.

4.22Employee benefits

The employee benefits mainly include short-term staff compensation, post-resignation benefits and dismissal benefits. Including:

Short-term staff compensation includes salaries and wages, bonus, allowances and subsidies, staff benefits, medical insurance, maternity insurance, work-injury insurance, housing funds, union funds, staff education funds and non-monetary benefits, etc. The company recognizes liability for the short-term staff compensation incurring during the financial year with the corresponding costs in the profit or loss. The non-monetary benefits is measured at fair value.

Post-resignation benefits mainly include defined contribution plan, which includes basic pension, unemployment insurance, etc. The corresponding transactions incurring during the financial year is charged to the profit or loss.

Staff benefits are disclosed based on actual costs if within 14% of total staff salaries, mainly used in the collective staff benfits. Staff education funds are disclosed based on actual costs if within 2.5% of the total staff salaries, mainly used in staff education and training. Union funds are disclosed based on actual costs if within 2% of total staff salaries, mainly used in staff union.

The termination of labor relation prior to the expiration of labor contracts, or the encouragement for the voluntary acceptance of the staff redundancy for compensation will be recognized as a provision and charged in the profit or loss if the company has made official labor relation termination plan or put forward voluntary dismissal suggestion and unable to cancel the plan unilaterally.

4.23Provision

When or contingencies related obligations meet the following conditions at the same time will recognized as provision:(1) an entity has a present obligation (legal or constructive) as a result of a past event (2) an entity has a present obligation (legal or constructive) as a result of a past event (3)a reliable estimate can be made of the amount of the obligation.

At the balance sheet date, with considerations of the risk related of contigencies, uncertainties and time value of money, the estimated liabilities are measured in accordance with the best estimate of the necessary expenses when performing current obligations.

If all or part of the payment is expected to be paid by the third party, when the amount of the compensation is substantially determined, it is recognized as an asset and the amount of compensation is not more than the book value of the estimated liability.

4.24Revenue recognition

(1)The commission revenue could be recognized if the following criteria are met;

①Relevant services are completed;

②It could be measured reliably;

③Relevant economic benefits are expected to flow into the entity.

(2)The revenue shall be recognized for the followings：

①Commission revenue for transacting securities for client shall be recognized if the receipts of relevant services could be measured reliably;

②Underwriting revenue shall be recognized if the receipts of underwriting could be measured reliably. For full amount underwriting of the securities issuance, the revenue shall be recognized when the securities are resold to the investors at the issue price less purchase price and related issue costs; For balance amount underwriting of the securities issuance, the revenue shall be recognized after the issuance and related services have been completed at the portion of actual underwriting amount or underwriting contract; For agent underwriting, the revenue shall be recognized after the issuance at the settlement amount witht the issuers.

③The consigned asset management business shall be recognized at the contracted terms, including:

Directed asset management shall be recognized when the contract is due at the portion of the company's share settled in accordance with the contracts; If the company charges management fee by proportion listed in the contracts, the management income will be recognized over the contract period.

Collective asset management revenue shall be recognized on the accrual basis and contracts.

④Interest revenue shall be recognized based on the contracted time and actual rate, with the reliable measurement and certainty of economic benefits inflow. Dividend income is recognized when the shareholders have the rights to receive the dividends.

⑤Investment and trade advisory services of income by after provided the service and collected amount canbe reasonably estimated for recognized income.

⑥Regarding interests from the margin trading, according to the margin trading agreement with the client, interest income is confirmed on schedule by credit limit of margin trading, period, and interes rate.

⑦Other operating income refers to the income generated from other operating activities other than the main business activities, current period income is confirmed inaccordance with the contract when finish implementing the business related service.

4.25Lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1)The Company as a lessee under operating lease

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are recognized in current profit or loss. Contingent rental payments are recognised as expenses in the accounting period in which they are incurred.

(2)The Company as a lessor under operating lease

Rental income underoperating lease are recognized as part of income on a straight-line basis over the lease term, Capitalize large amount of the initial direct costs. Through the whole leasing period, allocate these costs into profit and loss by installment in accordance with the same basis of rent confirmation. As for other smaller amount of initial direct costs, include these costs into profit and loss when incurred. Include contigent rent into profit and loss when substantially incurred.

4.26Government grant

Government subsidies refer to the monetary assets or non-monetary assets we get from government for free, excluding the capital that government invested as owner. Government subsidies include asset-related subsidies and earning-related subsidies.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, the government grant at a nominal amount is recognized in profit or loss. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

For repayment of a government grant already recognised, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

4.27Deferred tax assets/ deferred tax liabilities

(1)Current income tax

At the balance sheet date, regarding the current income tax liabilities (assets) arising from current and prior periods, the measurement of tax amount is the expected tax payment (refund)calculated according to the Tax Law. The calculation basis of tax expense is the ajusted profit before tax.

(2)Deferred tax assets/deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those item that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

(3)Tax expense

Tax expenses include current tax and deferred tax.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in [shareholders' / owners'] equity, in which case they are recognised in other comprehensive income or in [shareholders' / owners'] equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

4.28Profit distribution

After balance sheet date, the planning to allocated profit approved by the review of the profit allocation scheme. Company not recognized liabilities in the balance sheet day but will disclosed in the balance sheet date subsequent event separately.

4.29Risk reserve

According to the securities law, the financial enterprise financial rules ", and "about securities company's 2007 annual report on its work notice (securities regulators word [2007] 2007) regulation, extract general risk on the basis of 10% of current net income. Extract 10% of current net income for transaction risk reserve, to make up for losses on the stock exchange.

4.30Segment reporting

The reporting segments are determined based on the Group's internal organisation structure, management requirements and internal reporting system and relevant segmental information is disclosed.

An operating segment is a component of an entity:

(1) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(2) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(3) for which discrete financial information is available. If two or more operating segmens have the similar economic identities and fulfill certain criteria, the company could consider them as one segment.

5. TAXATION

5.1Taxation and tax rate

Taxes	Details
Business tax	5% on the basis of turnover
Urban construction and maintenance tax	7% or 5% on the basis of business tax
Education funds and surcharge and local education funds and surcharge	3%, 2% or 1% on the basis of business tax
Enterprise tax	Based on the <Enterprise income tax> since 1 Jan 2008, the tax rate of enterprise income tax is 25%.

5.2 Business tax: Based on ‘The notification of the decrease of business tax rate in the finance and insurance sector by the Finance Ministry and the State Tax Authority' (Cai Shui [2001] No.21), the business tax is calculated on the turnover at 5% since 1 Jan 2003.

Based on "The notification of the business tax policy in the capital market" (Cai Shui [2004] No.203, the following fees charged on behalf are allowed to be deduceted from the taxable turnover:

(1)Securities monitoring fee for the Securities Exchange;

(2)Commission for the Securities Exchange;

(3)Shareholders' account opening charge (including A shares and B shares), Special transfer account opening charge, transfer fees, B shares clearing fees and entrusted management transfer fees for the China Securities Depository and Clearing Corporation Limited

Based on the 'Notifications of business tax related to protection funds by securities investors by the Finance Ministry and the State Tax Regulators' (Cai Shui [2006] No.172), the protection funds by securities investors are allowed to be deducted from the taxable turnover.

5.3 Enteriprise income tax: The operating departments declare the enterprise income tax together with the headquarter at 25%.

5.4 Urban construction and maintenance tax is calculated at 7% or 5% on the basis of business tax.

5.5 Education funds and surcharge and local education funds and surcharge are calculated at 3%, 2% or 1% on the basis of business tax respectively.

5.6 Vehicle use tax, property tax and stamp duty, etc are declared in compliance with tax laws.

6.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes item (contains the company's financial statements) unless otherwise noted, opening balance indicated 31/12/2014, closing balance indicated 31/12/2015.

6.1Bank and Cash

(1)Listed by category

Item	Closing balance	Opening balance
Cash on hand	52,483.92	33,187.49
Bank	12,723,410,939.30	10,435,813,042.24
Including: Customer	10,594,359,691.46	7,340,316,522.16
Company	2,129,051,247.84	3,095,496,520.08
Other bank and	1,036,698.17	6,206,293.37
Total	12,724,500,121.39	10,442,052,523.10

(2)List by currency

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Renminbi amount	Foreign currency amount	Exchange rate	Renminbi amount
Cash in hand						
Renminbi			52,483.92			33,187.49
Sub-total			52,483.92			33,187.49
Client fund deposit:						
Renbinbi			9,012,225,517.82			6,258,364,115.64
HK dollar	22,096,585.08	0.8378	18,512,518.97	9,281,931.44	0.7889	7,323,112.20
US dollar	10,083,530.77	6.4936	65,478,415.42	2,507,922.96	6.1190	15,346,015.78
Sub-total			9,096,216,452.21			6,281,033,243.62
Customer credit capital deposits:						
Renminbi			1,498,143,239.25			1,059,283,278.54
Sub-total			1,498,143,239.25			1,059,283,278.54
Total customer deposits:			10,594,359,691.46			7,340,316,522.16
Company own capital deposit						
Including: Renminbi			1,886,974,712.32			2,869,958,093.18
HK dollar	2.76	0.8378	2.30	2.76	0.7889	2.18

US dollar	1,024,546.07	6.4936	6,652,992.36	1,015,790.64	6.1190	6,215,622.93
Sub-total			1,893,627,706.98			2,876,173,718.29
Customer credit capital deposits						
Renminbi			235,423,540.86			219,322,801.79
Sub-total			235,423,540.86			219,322,801.79
Total company deposits：			2,129,051,247.84			3,095,496,520.08
Other bank and cash:						
Renminbi			1,036,698.17			6,206,293.37
Sub-total			1,036,698.17			6,206,293.37
Total			12,724,500,121.39			10,442,052,523.1

6.2Clearing settlement funds

(1)Classification of categories

Item	Closing balance	Opening balance
Customer reserve	5,122,715,033.62	3,350,612,909.21
Owner reserve	800,148,722.79	570,774,342.01
Total	5,922,863,756.41	3,921,387,251.22

(2)Classification of currency

Item	Closing balance			Opening balance		
	Foreign	Exchang	Foreign	Foreign	Exchang	Foreign
Customer common reserve:						
Including:			3,898,963,868.30			2,960,533,989.91
HK dollar	24,928,572.96	0.8378	20,885,158.43	11,798,337.6	0.7889	9,307,354.62
US dollar	4,181,434.27	6.4936	27,152,561.55	3,212,990.78	6.1190	19,660,290.58
Sub-Total			3,947,001,588.28			2,989,501,635.11
Customer credit reserve						
Including:Renminbi			1,175,713,445.34			361,111,274.10
Sub-Total			1,175,713,445.34			361,111,274.10

Customer settlement reserve			5,122,715,033.62			3,350,612,909.21
Company own reserve:						
Including: Renminbi			800,148,722.79			570,774,342.01
Sub-Total			800,148,722.79			570,774,342.01
Company settlement reserve			800,148,722.79			570,774,342.01
Total			5,922,863,756.41			3,921,387,251.22

6.3Margin accounts

(1)Classification of categories

Item	Closing balance	Opening Balance
Funds provided for securities margin trading service	13,013,896,959.75	9,196,515,017.23
Less: Impairment	65,069,484.80	45,982,575.09
Net providing funds	12,948,827,474.95	9,150,532,442.14
Total	12,948,827,474.95	9,150,532,442.14

(2)Classification of financing participant

Item	Closing balance	Opening balance
Individuals	12,911,326,651.10	9,055,495,327.90
Institutions	37,500,823.85	95,037,114.24
Total	12,948,827,474.95	9,150,532,442.14

(3)Ageing analysis

Ageing	Closing balance				Opening balance			
	Carrying amount		Provision		Carrying amount		Provision	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Within 3 months	1,143,385,610.15	8.79	5,716,928.05	0.50	672,850,128.44	7.32	3,364,250.64	0.50

3 to 6 months	11,791,576,100.61	90.61	58,957,880.50	0.50	8,523,664,888.79	92.68	42,618,324.45	0.50
Above 6 months	78,935,248.99	0.60	394,676.25	0.50				
Total	13,013,896,959.75	100.00	65,069,484.80		9,196,515,017.23	100.00	45,982,575.09	

(4)The customer provide guaranty to the company

Categories	Fair value at the year end	Fair value at the beginning of the year	Cut-off issue
Fund	2,748,143,457.65	1,259,185,588.54	No
Bonds	9,113,210.33	3,978,641.82	No
Stock	36,667,680,550.99	23,203,756,410.39	No
Others	50,474,261.87	137,631,663.02	No
Total	39,475,411,480.84	24,604,552,303.77	

Notes: The above guaranties are related to the providing funds and securities.

6.4Financial assets measured at fair value through profit or loss

(1)Classification of Asset categories

	Closing Balance					
	Fair Value			Initial Cost		
Item	Held for trading	Measured at changes in fair value through profit or loss	Total Fair Value	Held for trading	Measured at changes in fair value through profit or loss	Total Fair Value
Bonds						
Fund	6,500,879,422.66		6,500,879,422.66	6,496,311,405.69		6,496,311,405.69
Stock	1,053,480,113.86	405,296,827.94	1,458,776,941.80	931,985,015.69	402,566,200.00	1,334,551,215.69
Others						

Total	7,554,359,536.52	405,296,827.94	7,959,656,364.46	7,428,296,421.38	402,566,200.00	7,830,862,621.38

(Continued)

Opening balance						
	Fair Value			Initial Cost		
Item	Held for trading	Measured at changes in fair value through profit or loss	Held for trading	Measured at changes in fair value through profit or loss	Held for trading	Measured at changes in fair value through profit or loss
Bonds						
Fund	640,638,037.97		640,638,037.97	639,978,642.05		639,978,642.05
Stock	428,691,137.94		428,691,137.94	431,457,150.65		431,457,150.65
Others	121,000,000.00		121,000,000.00	121,000,000.00		121,000,000.00
Total	1,190,329,175.91		1,190,329,175.91	1,192,435,792.70		1,192,435,792.70

(2)Restricted financial asset measured at fair value and the change throught profit and loss

Item	Restrictions on sale conditions or other significant aspects of the realization of other major restrictions	Closing balance	Opening balance
Zhonghuan share	Restricted shares - to participate in the private placement of the proceeds swap	405,296,827.94	
Total		405,296,827.94	

6.5Derivative financial assets

Item	Closing Balance

	Hedging Instruments			Non-Hedging Instruments		
	Nominal Value	Fair Value		Nominal Value	Fair Value	
		Asset	Liability		Asset	Liability
Equty derivatives				449,605,720.00	886,839.00	2,177,885.93
Return swap				402,566,200.00		1,574,345.93
Stock option				47,039,520.00	886,839.00	603,540.00
Other derivatives				114,812,920.00		
Commodity futures contract				60,990,120.00		
Index futures contract				53,822,800.00		
Total				564,418,640.00	886,839.00	2,177,885.93

(Continued)

item	Opening Balance					
	Hedging Instruments			Non-Hedging Instruments		
	Nominal Value	Fair Value		Nominal Value	Fair Value	
		Asset	Liability	Asset	Asset	Liability
Equty derivatives						
Return swap						
Stock option						
Other derivatives				153,977,160.00		
Commodity futures contract				29,416,080.00		
Index futures contract				124,561,080.00		
Total				153,977,160.00		

Under non-debt settlement system in 31 December 2015, all the position of the profit and loss generated by future contract are settled and also including in the amount of the deposit reservation.

6.6Financial assets held under resale agreements

(1)Listed by underlying assets

Item	Closing Balance	Opening Balance

Stock	1,413,464,339.00	1,210,717,587.00
Debenture	4,980,499,138.14	2,196,584,956.87
Less: Provision for impairment	7,067,321.68	6,050,239.00
Total	6,386,896,155.46	3,401,252,304.87

(2)Listed by type of business

Item	Closing Balance	Opening Balance
Agreed repurchase type securities		669,788.00
Stock pledged repo transaction	1,413,464,339.00	1,210,047,799.00
Debenture reverse of	4,980,499,138.14	2,196,584,956.87
Less:provision for impairment	7,067,321.68	6,050,239.00
Total	6,386,896,155.46	3,401,252,304.87

(3)Agreed repurchase, stock pledged repo transaction of providing funds listed on residual maturity

Item	Closing Balance	Opening Balance
Within one month	206,033,342.00	23,123,100.00
1 to 3 month	505,915,690.00	45,244,888.00
3 months to 1 year	271,515,307.00	856,349,599.00
Above 1 year	430,000,000.00	286,000,000.00
Total	1,413,464,339.00	1,210,717,587.00

6.7Accounts Receivable

(1)Catergorise and disclosure of accounts receivable

Item	Closing Balance	Opening Balance
Account receivable- business income	8,996,013.29	9,282,381.30
Payment in advance	26,760,969.23	12,160,213.86

Deposit receivable	14,574,085.10	8,363,774.73
Securities margin trading	10,765,976.95	1,483,862.58
Other	44,887,643.06	14,983,262.30
Total	105,984,687.63	46,273,494.77
Less：provision for impairment	10,765,976.95	1,483,862.58
Book value on account receivable	95,218,710.68	44,789,632.19

(2)Account receivable listed by valuation approach

Item	Closing balance			
	Book value		Provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and with bad debt provided accounts				
Individually not significant but with bad debt	10,765,976.95	10.16	10,765,976.95	100.00
Receivable group with credit risk characteristics	95,218,710.68	89.84		
Total	105,984,687.63	100.00	10,765,976.95	10.16

(Continued)

Item	Opening balance			
	Book value		Book value	
	Amount	Percentage	Amount	Percentage
Individual significant and provisioned accounts receaiable item				
Individually not significant but individual provisioned receivable item	1,483,862.58	3.21	1,483,862.58	100.00
Receivable group with credit risk characteristics	44,789,632.19	96.79		
Total	46,273,494.77	100.00	1,483,862.58	3.21

(3)Account receivable listed by ageing

Ageing	Closing balance	Opening balance

	Amount	Percentage (%)	Provision	Amount	Percentage (%)	Provision
Within one month	92,919,579.09	87.67	9,457,868.06	33,266,364.45	71.89	
1 to 3 month	5,982,673.97	5.64		6,607,037.44	14.28	1,483,862.58
3 months to	3,631,171.82	3.43	1,308,108.89	1,234,675.00	2.67	
Above 1	3,451,262.75	3.26		5,165,417.88	11.16	
Total	105,984,687.63	100.00	10,765,976.95	46,273,494.77	100.00	1,483,862.58

(4)Individually insignificant but individual provided receivable item

Accounts Receivables	Closing Balance			
	Amount	Provision	Percentage	Reason
Amount due from margin trading clients	10,765,976.95	10,765,976.95	100%	Credit violation, the collection possibility is low
Total	10,765,976.95	10,765,976.95		

(5)Top 5 account receivable

Name of Customer	Nature	Closing balance	Percentage (%)
The central Treasury securities registration and settlement Co., Ltd	Pledge buyback receivable	13,320,000.00	12.57
Beijing guohua jingdu real estate Co., Ltd	Hosing rental deposit	3,924,978.00	3.70
Beijing hua sheng tiancheng technology co., Ltd	Payment in advance for asset purchase	2,139,000.00	2.02
Dongxing xianjin tianying collective asset management plan	Asset management fee of receivable	2,079,279.29	1.96

Shanghai Ruifeng International Properties Co., Ltd	Hosing rental deposit	1,815,110.58	1.71
Total		23,278,367.87	21.96

6.8Interest Receivables

Item	Closing Balance	Opening Balance
Deposit of interest receivable in another bank	12,457,234.25	7,990,270.35
Interest receivable of debenture holding	226,892,951.85	106,517,824.25
Interest receivable of purchase resale financial asset	17,945,971.46	23,073,248.50
Interest receivable of securities margin trading	193,232,968.29	65,141,727.58
Total	450,529,125.85	202,723,070.68

6.9Refundable deposit

Item	Closing balance	Opening balance
Deposit of common stock trading	116,613,876.69	330,450,617.36
Deposit of credit trading	75,214,298.77	13,429,316.65
Deposit of future trading	533,506,851.68	673,449,606.18
Total	725,335,027.14	1,017,329,540.19

6.10Available-for-sale financial assets

(1)Listed by investment categories

Item	Closing balance			
	Initial cost	Change in fair value	Provision for impairment	Book value
Stock	2,101,825,644.74	231,781,272.82		2,333,606,917.56
Debenture	9,490,699,957.13	127,868,286.81		9,618,568,243.94

Fund	1,422,762,348.50	169,620,205.00		1,592,382,553.50
Asset management	3,003,080,327.69	80,438,032.01	74,213,530.88	3,009,304,828.82
Trust product	4,167,238,807.20	128,415,535.90		4,295,654,343.10
Others	4,502,655,000.00	-134,685,860.59		4,367,969,139.41
Total	24,688,262,085.26	603,437,471.95	74,213,530.88	25,217,486,026.33

(Continued)

Item	Opening balance			
	Initial cost	Change in fair value	Provision for impairment	Book value
Stock	5,353,869.95	3,919,288.59		9,273,158.54
Debenture	3,760,378,590.14	-17,500,882.02		3,742,877,708.12
Fund	675,105,370.19	167,303,218.32		842,408,588.51
Asset management	3,181,514,631.77	217,493,774.02	28,585,766.44	3,370,422,639.35
Trust product	1,974,818,946.40	186,148,800.29		2,160,967,746.69
Others	2,606,583,270.12	7,832,247.50		2,614,415,517.62
Total	12,203,754,678.57	565,196,446.70	28,585,766.44	12,740,365,358.83

(2)Restricted period of available-for-sales financial assets

No.	Stock code	Name of Security	Fair value	Restricted release date
1	300436	guangshengtang	2,920,050.00	2016-4-22
2	300463	Maikeshengwu	15,150,222.85	2016-4-22
3	300477	Hezhong keji	858,645.37	2016-5-30
4	300488	Hengfeng gongju	1,747,915.94	2016-6-10
5	603368	Liuzhou yiyao	5,582,410.10	2016-7-1
6	600027	Huadian guoji	633,780,400.00	2016-9-8

(3)As of 31 December 2015, Bond repurchase pledge and collateral of refinance securitiesin total of3,282,039,679.74yuan within the Available-for-sale financial assets.

(4)Securities lending

Item	Closing balance		Opening balance	
	Initial cost	Fair value	Initial cost	Fair value
Securities lending				
-Available-for-sale financial assets	976,572.34	952,430.37	67,049,883.00	70,098,991.61
-To refinance into securities			5,803,022.84	9,262,086.52
Total	976,572.34	952,430.37	72,852,905.84	79,361,078.13
Total amount of refinance into securities			8,260,500.00	12,929,000.00

Notes: As of 31 Decemeber 2015, Company securities lending's guaranty contained in note 6.3.4.

(5)Available-for-sale financial assets with commitments

The company promises to continue to participate in the assets management program with the owner reserve by the planned period. By 31 December 2015, the company holds the exited restricted planning financial assets amounting to RMB 1,468,025,174.85.

6.11Fixed assets

(1)Carrying Amount

Item	Closing balance	Opening Balance
Original cost- total	492,965,619.87	468,757,982.99
Less：Accumulated depreciation	248,107,667.70	220,116,224.61
Provision for impairment		
Carrying amount - total	244,857,952.17	248,641,758.38

(2)Change in fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
Original cost -Total	468,757,982.99	29,093,832.28	4,886,195.40	492,965,619.87
Plant and building	283,396,714.96			283,396,714.96
Electronic and communication equipment	150,709,938.07	25,362,238.35	4,801,119.40	171,271,057.02
Office and other equipment	11,991,624.22	3,095,961.45	85,076.00	15,002,509.67
Transportation facilities	22,659,705.74	635,632.48		23,295,338.22
Accumulated depreciation -Total	220,116,224.61	32,793,761.09	4,802,318.00	248,107,667.70
Plant and building	70,566,436.59	14,050,018.02		84,616,454.61
Electronic and communication	121,449,181.22	15,281,418.00	4,719,263.40	132,011,335.82
Office and other equipment	10,519,047.37	1,321,603.14	83,054.60	11,757,595.91
Transportation facilities	17,581,559.43	2,140,721.93		19,722,281.36
Provision for impairment -Total				
Plant and building				
Electronic and communication				
Office and other equipment				
Transportation facilities				
Carrying amount-Total	248,641,758.38			244,857,952.17
Plant and building	212,830,278.37			198,780,260.35
Electronic and	29,260,756.85			39,259,721.20
Office and other	1,472,576.85			3,244,913.76

Transportation facilities	5,078,146.31			3,573,056.86

(3)As of 31 December 2015, there was no fixed asset's carrying amount higher than the recoverable amount's condition.

(4)As of 31 Decemeber 2015, part of the real estate has been dealt with land ownership certificate, and the oringial value were equal with 27,547,761.53 yuan.

6.12Intangible assets

(1)Detail in intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
Original cost- Total	84,549,522.04	20,839,663.50	1,845,300.00	103,543,885.54
Software	62,919,522.04	20,839,663.50	65,300.00	83,693,885.54
Trading desks	19,850,000.00			19,850,000.00
Others	1,780,000.00		1,780,000.00	
Accumulated amortization- Total	62,731,383.09	18,264,080.29	1,845,300.00	79,150,163.38
Software	41,101,383.09	18,264,080.29	65,300.00	59,300,163.38
Trading desks	19,850,000.00			19,850,000.00
Others	1,780,000.00		1,780,000.00	
Provision for impairment - Total				
Software				
Trading desks				
Others				
Carrying amount	21,818,138.95			24,393,722.16
Software	21,818,138.95			24,393,722.16
Trading desks				
Others				

(2)As of 31 December 2015, there was no intangible asset carrying amount higher than the recoverable amount's condition, and there were no intangible assets for mortgage or guarantee.

6.13Goodwill

Name of invested organisation	Opening balance	Increase	Decrease	Closing balance	Year-end provision for impariment
Dongxing Futures Co., Ltd	20,000,000.00			20,000,000.00	
Total	20,000,000.00			20,000,000.00	

Notes: In 15 December 2008, the original named Pengda Futures Brokers Co., Ltd(now renamed as Dongxing Futures Co., Ltd)the original shareholders Pengda Real Estate Development Co., Ltd、Shandong Pengda Group Ltd、Huaxin Construction Co., Ltd andYantai Haifulai Supermaret Co., Ltd signed equity transfer contract with us, and also transferred whole share of Pengda Futures Brokers Co., Ltd to us respectively.

In 13 May 2009, approved by the Shandong province administration for industry and commerce. Pengda Futures Brokers Co., Ltd deal with the equity alteration registration formalities and also changed its name to Dongxing Futures Co., Ltd simultaneously.

Information of the goodwill is shown below：

Dongxing Futures Co., Ltd identifiable assets and liabilities on the combination date of the fair value and book value is as follows:

Item	Fair value in 13, May 2009	Book value in 13, May 2009
Cost of acquisition	70,306,355.56	
The amount of identifiable net assets	50,306,355.56	50,364,241.28
Goodwill	20,000,000.00	

6.14Deferred tax assets/deferred tax liabilities

(1)Details of deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductiable temporary difference and	Deferred tax assets	Deductiable temporary difference and

		losses		losses
Difference on intaginable asset amortization life	68,621.60	274,486.40	557,371.60	2,229,486.40
Difference on long term prepaid expense amortization life	211,271.41	845,085.64	369,724.98	1,478,899.92
Financial assets designated at fair value through profit or loss and change in fair value of financial instruments			1,160,945.27	4,643,781.08
Changes in fair value of trading financial assets	30,689,806.23	122,759,224.92		
Balance of unpaid wages	331,583,079.42	1,326,332,317.65	170,787,087.84	683,148,351.37
Subsidies for financial firm to buy business housing	620,838.75	2,483,355.00	674,053.50	2,696,214.00
Provision for asset impariment	28,291,766.36	113,167,065.44	19,753,110.78	79,012,443.11
Tax deductible losses	53,627,653.15	214,510,612.61		
Provision	3,825,679.00	15,302,716.00		
Total	448,918,715.92	1,795,674,863.66	193,302,293.97	773,209,175.88

(2)Details of deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Financial assets designated at fair value through profit or loss and change in fair value of financial instruments	29,217,835.65	116,871,342.60	589,141.48	2,356,565.93
Change in fair value of available for sale financial assets through other comprehensive income	109,929,661.58	439,718,646.30	141,299,111.69	565,196,446.70
Belongs to the special purpose of coprporate undistributed profit	2,406,370.01	9,625,480.03	4,596,933.82	18,387,735.29
Difference in depreciation period of fixed asset	568,773.80	2,275,095.20		
Total	142,122,641.04	568,490,564.13	146,485,186.99	585,940,747.92

(3)Details of unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Provision for asset impairmen(Note1)	43,949,248.87	3,090,000.00
Financial Assets designated at fair value through profit or loss(Note2)		67,822.28
Total	43,949,248.87	3,157,822.28

(4)Details of unrecognized deferred income tax liabilities

Item	Closing balance	Opening balance

Item	Closing balance	Opening balance
Changes in the fair value of available for sale financial assets(Note2)	20,029,559.36	
Financial Assets designated at fair value through profit or loss(Note2)	10,370,747.10	
Total	30,400,306.46	

Note1: It is within the scope of the company into the provision for assets impairment provision of structured products, not by the ministry of finance and state administration of taxation issued according to the specific provisions of the customer asset management business tax problem, so no provision for income tax expenses for the time being.

Note2: Department of our company within the scope of consolidated in structured products held by the changes in the fair value of financial assets, such as by the ministry of finance and state administration of taxation has not issued according to the specific provisions of the customer asset management business tax problem, so no proision for income tax expenses for the time being.

6.15Other Assets

(1)Details in other assets

Item	Closing balance	Opening balance
Long term prepaid expense	10,865,583.37	12,625,179.99
Total	10,865,583.37	12,625,179.99

(2)Long term prepaid expense

Item	Opening balance	Increase	Amortised amount	Decrease	Closing balance	Reason for decrease
Renovation	12,625,179.99	5,542,740.97	7,302,337.59		10,865,583.37	
Total	12,625,179.99	5,542,740.97	7,302,337.59		10,865,583.37	

6.16Statement of change in provision for asset impairment

Item	Opening balance	Increase	Decrease		Closing balance
			Reverse	Resold	
Bad debt provision for account	1,483,862.58	9,282,114.37			10,765,976.95
Bad debt provision for	45,982,575.09	19,086,909.71			65,069,484.80
Impairment provision for available for	28,585,766.44	171,680,411.15		126,052,646.71	74,213,530.88
Provision of impairment in Shares pledged repo purchase of resld	6,050,239.00	1,017,082.68			7,067,321.68
Total	82,102,443.11	201,066,517.91		126,052,646.71	157,116,314.31

6.17Short term borrowing

(1)Classification of short-term borrowing

Item	Closing balance	Opening balance
Credit loans	4,017,722,034.00	5,030,000,000.00
Total	4,017,722,034.00	5,030,000,000.00

Note:(1)In 2012,China Orient Asset Management Corporation,Shenzhen Dongxi Development Investment Managemnt (LLP) and the subsidiary of the company, Dongxing Securities Investment Co., Ltd three parties sign xinyinguanwei no.126 [2012] entrust loan contract, and agree the loan limited are 7.5 billion yuan as restriction to providing entrust loans to Dongxing Securities Investment Co., Ltd, and the execution period starting time form the 02 July 2012 to 01 July 2013, relevant loan interest rate are 5.80%, based on the market condition of the funds,the loan interest rate adjusted to 6% in 02 July 2013. At 02 July 2015, the company renewed the contract, specifying that entrusted loan amount should not exeed 7.5 billion yuan. The execution period is three years with interest rate of 6%. Up to 31 Dcember 2015, the balance of short term borrowing is 4.018 billion yuan.

(2)There is no outstanding loan end of this period.

6.18Short-term financing payable

Name of bond	Opening balance	Increase	Decrease	Closing balance
14 dongxing CP008	1,000,000,000.00		1,000,000,000.00	
15 dongxing CP001		1,000,000,000.00	1,000,000,000.00	
15 dongxing CP002		1,500,000,000.00	1,500,000,000.00	
15 dongxing CP003		1,300,000,000.00	1,300,000,000.00	
No.8 Dongxing Jinpeng income receipt		400,000,000.00		400,000,000.00
No.9 Dongxing Jinpeng income receipt		280,000,000.00		280,000,000.00
No.10 Dongxing Jinpeng income receipt		500,000,000.00	500,000,000.00	
No.11 Dongxing Jinpeng income receipt		100,000,000.00		100,000,000.00
No.12 Dongxing Jinpeng income receipt		200,000,000.00		200,000,000.00
No.13 Dongxing Jinpeng income receipt		1,300,000,000.00		1,300,000,000.00
No.15 Dongxing Jinpeng income receipt		70,000,000.00	70,000,000.00	

No.16 Dongxing Jinpeng income receipt		500,000,000.00	500,000,000.00	
No.17 Dongxing Jinpeng income receipt		50,000,000.00		50,000,000.00
No.18 Dongxing Jinpeng income receipt		300,000,000.00		300,000,000.00
No.19 Dongxing Jinpeng income receipt		300,000,000.00		300,000,000.00
No.20 Dongxing Jinpeng income receipt		450,000,000.00	450,000,000.00	
No.23 Dongxing Jinpeng income receipt		350,000,000.00	350,000,000.00	
Total	1,000,000,000.00	8,600,000,000.00	6,670,000,000.00	2,930,000,000.00

(Continued)

Name of bond	Nominal value	Date of issue	Expire date	Issue amount	Nominal rate
14 dongxing CP008	100.00	2014-12-18	2015-3-19	1,000,000,000.00	6.19%
15 dongxing CP001	100.00	2015-1-28	2015-4-29	1,000,000,000.00	4.95%
15 dongxing CP002	100.00	2015-3-25	2015-6-24	1,500,000,000.00	5.03%
15 dongxing CP003	100.00	2015-5-11	2015-8-10	1,300,000,000.00	3.50%
No.8 Dongxing Jinpeng income receipt	1.00	2015-3-30	2016-3-28	400,000,000.00	6.10%
No.9 Dongxing Jinpeng income receipt	1.00	2015-4-15	2016-4-13	280,000,000.00	6.12%
No.10 Dongxing Jinpeng income receipt	1.00	2015-4-17	2015-10-15	500,000,000.00	6.10%

No.11 Dongxing Jinpeng income receipt	1.00	2015-4-22	2016-4-20	100,000,000.00	6.10%
No.12 Dongxing Jinpeng income receipt	1.00	2015-4-24	2016-4-20	200,000,000.00	6.20%
No.13 Dongxing Jinpeng income receipt	1.00	2015-4-28	2016-4-26	1,300,000,000.00	6.20%
No.15 Dongxing Jinpeng income receipt	1.00	2015-4-29	2015-10-27	70,000,000.00	6.10%
No.16 Dongxing Jinpeng income receipt	1.00	2015-5-8	2015-12-16	500,000,000.00	5.80%
No.17 Dongxing Jinpeng income receipt	1.00	2015-5-13	2016-5-11	50,000,000.00	6.00%
No.18 Dongxing Jinpeng income receipt	1.00	2015-5-12	2016-5-10	300,000,000.00	5.82%
No.19 Dongxing Jinpeng income receipt	1.00	2015-5-13	2016-5-11	300,000,000.00	5.84%
No.20 Dongxing Jinpeng income receipt	1.00	2015-5-15	2015-11-12	450,000,000.00	5.80%
No.23 Dongxing Jinpeng income receipt	1.00	2015-5-21	2015-12-15	350,000,000.00	5.80%
Total				9,600,000,000.00	

6.19Due to bank and other financial institutions

Categories	Closing balance	Opening balance
Due to bank	1,300,000,000.00	800,000,000.00
Refinancing into funds	50,000,000.00	1,637,000,000.00
Total	1,350,000,000.00	2,437,000,000.00

6.20Financial assets sold under repurchase agreements

(1)Securities category

Category	Closing balance	Opening balance
Corporate bonds	9,210,389,225.53	3,647,391,368.92
Other	6,540,000,000.00	6,700,000,000.00
Total	15,750,389,225.53	10,347,391,368.92

(2)Listed by business category

Category	Closing balance	Opening balance
Bond buy backs	9,210,389,225.53	3,647,391,368.92
Margin trading and securities lending Transfer of creditor's right	6,540,000,000.00	6,700,000,000.00
Total	15,750,389,225.53	10,347,391,368.92

6.21Acting trading securities

Item	Closing balance	Opening balance
Common brokerage service		
Individual customers	12,158,644,092.45	8,681,390,675.65
Institutional client	1,113,962,562.76	882,858,722.84
Sub-total	13,272,606,655.21	9,564,249,398.49
Credit service		
Individual customers	2,625,267,977.86	1,257,274,965.52
Institutional client	122,875,479.79	1,910,623.02
Sub-total	2,748,143,457.65	1,259,185,588.54
Total	16,020,750,112.86	10,823,434,987.03

6.22Employee benefits

(1)Employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1.Payroll	683,608,168.09	1,636,289,508.03	992,805,132.04	1,327,092,544.08
2.Dismission benefits	658,051.90	92,193,593.87	92,317,360.24	534,285.53
3.Termination benefits		279,821.90	279,821.90	
Total	684,266,219.99	1,728,762,923.80	1,085,402,314.18	1,327,626,829.61

(2)Payroll

Item	Opening balance	Increase	Decrease	Closing balance
Wages, bonuses, allowances and subsidies	683,148,351.37	1,559,469,118.99	916,285,152.71	1,326,332,317.65
Emplyee welfare		4,322,035.90	4,322,035.90	
Social insurance	391,704.63	30,899,764.67	30,658,795.59	632,673.71
Includes：Medical insurance	346,384.00	28,059,067.86	27,817,028.90	588,422.96
Injury insuarance	13,525.10	934,261.05	934,837.54	12,948.61
Maternity insurance	25,138.57	1,901,485.00	1,901,978.39	24,645.18
Other insurance	6,656.96	4,950.76	4,950.76	6,656.96
Housing fund	40,377.63	33,729,861.70	33,732,597.70	37,641.63
Labor union and education expendiure	27,734.46	7,868,726.77	7,806,550.14	89,911.09
Total	683,608,168.09	1,636,289,508.03	992,805,132.04	1,327,092,544.08

(3)Details of defined distribution plan

Item	Opening balance	Increase	Decrease	Closing balance
1.Endowment insurance	585,118.95	50,573,620.55	50,696,467.93	462,271.57
2.Unemployement insurance	72,932.95	3,374,873.13	3,375,792.12	72,013.96
3.Enterprise annuity payment		38,245,100.19	38,245,100.19	
Total	658,051.90	92,193,593.87	92,317,360.24	534,285.53

In accordance with the relevant Chinese laws and regulations, the company's employees attended by the local labor and social security department to organize the implementation of the social basic endowment insurance and unemployment insurance, the company in the local regulations of social basic endowment insurance and unemployment insurance pay base and scale, to the local social basic endowment insurance and the insurance premium of pay of orgnaization of unemployed insurance agency.

In addition to the above basic endowment insurance and unemployment insurance plan, the company set up the enterprise annuity plan for qualified worker, according to a certain proportion of year of worker total wages to extract the pension plan contributions.

6.23Taxes payable

Item	Closing balance	Opening balance
Business tax	26,532,313.27	25,955,453.91
Corporate income tax	161,963,238.10	99,381,475.19
Withholding individual income tax	12,271,708.27	7,240,541.01
Urban construction tax	1,846,377.25	1,748,976.68
Educational and local educational expense and surcharge	1,359,865.48	1,328,823.87
Other taxes	414,318.85	289,219.87

Total	204,387,821.22	135,944,490.53

6.24Account payable

(1)Detailes of accounts payable

Item	Closing balance	Opening balance
Payable of return swap deposits	80,513,240.00	
Payable of product selling expense	77,286,870.42	13,018,391.43
Payable of investor protection fund	68,266,717.09	63,185,494.56
Pyable of business publicity expenses		12,500,000.00
Payable of trading unit costs	14,624,198.86	8,114,339.00
Payable of tripartite depository	6,077,570.85	2,583,052.74
Payable of risk fee	6,402,087.28	4,742,718.63
Others	38,217,068.49	428,997,098.27
Total	291,387,752.99	533,141,094.63

(2)Account Aging details

Aging	Closing balance		Opening balance	
	Balance	Percentage (%)	Balance	Percentage (%)
Within the 1 year	245,475,484.19	84.24	526,874,745	98.82
1 to 2 year	43,154,624.40	14.81	4,594,522.4	0.86
2 to 3 year	1,813,999.81	0.62	222,872.53	0.04
Above 3 years	943,644.59	0.33	1,448,954.4	0.28
Total	291,387,752.99	100.00	533,141,094.6	100.00

6.25Interest payable

Item	Closing balance	Opening balance
Interst payable of income receipts	236,454,933.35	794,188.80
Interest from subordinated debentures	230,957,452.06	54,253,315.07
Interest from sold for repurchase	76,259,723.59	21,427,980.13
Interest from company issued bond	71,541,369.85	

Short term loan interest	9,338,426.47	9,075,000.01
Due to other financial institutions	474,916.67	31,722,596.97
Including: Refinancing into funds	201,250.00	31,444,377.79
Interest from customer' transaction settlement	2,307,624.13	1,806,154.32
Interest from short-term financing bonds payable		2,204,657.53
Others	44,483.73	25,106.08
Total	627,378,929.85	121,308,998.91

6.26Provision

Item	Closing balance	Opening balance	Reasons
Self-owned fund of collective asset management plan carries limited compensation	15,302,716.00		Collective asset management plan committed limited compensation of self-owned fund
Total	15,302,716.00		

Note: Regarding details of provision disclosure, please refer to Note.13 "Commitment and Contegencies."

6.27Bond payable

Name of bond	Opening balance	Increase	Decrease	Closing balance
13 Dongxing01	660,000,000.00			660,000,000.00
13 Dongxing 02	450,000,000.00			450,000,000.00
13 Dongxing 03	390,000,000.00			390,000,000.00
14 Dongxing 01	500,000,000.00			500,000,000.00

15 Dongxing 01		5,000,000,000.00		5,000,000,000.00
14 Dongxing Liability		2,000,000,000.00		2,000,000,000.00
14 Jinpeng		500,000,000.00		500,000,000.00
21 Jinpeng		400,000,000.00		400,000,000.00
22 Jinpeng		500,000,000.00		500,000,000.00
24 Jinpeng		600,000,000.00		600,000,000.00
25 Jinpeng		700,000,000.00		700,000,000.00
26 Jinpeng		200,000,000.00		200,000,000.00
28 Jinpeng		300,000,000.00		300,000,000.00
Total	2,000,000,000.00	10,200,000,000.00		12,200,000,000.00

(Continued)

Name of bond	Nominal value	Issue date	Expire date	Issue amount	Nominal rate
13 Dongxing01	100.00	2013-11-27	2016-11-27	660,000,000.00	6.50%
13 Dongxing 02	100.00	2014-3-10	2017-3-10	450,000,000.00	7.30%
13 Dongxing 03	100.00	2014-3-24	2017-3-24	390,000,000.00	7.30%
14 Dongxing 01	100.00	2014-12-17	2016-12-17	500,000,000.00	6.50%
15 Dongxing01	100.00	2015-5-19	2018-5-19	5,000,000,000.00	5.68%
14 Dongxing liability	100.00	2015-4-7	2019-4-7	2,000,000,000.00	4.89%
14 Jinpeng	1.00	2015-4-29	2016-11-1	500,000,000.00	6.50%
21 Jinpeng	1.00	2015-5-19	2017-5-18	400,000,000.00	6.20%

22 Jinpeng	1.00	2015-5-21	2017-5-22	500,000,000.00	6.35%
24 Jinpeng	1.00	2015-6-19	2017-6-15	600,000,000.00	5.80%
25 Jinpeng	1.00	2015-6-18	2017-6-16	700,000,000.00	5.80%
26 Jinpeng	1.00	2015-6-30	2017-6-28	200,000,000.00	5.82%
28 Jinpeng	1.00	2015-6-29	2017-6-15	300,000,000.00	6.10%
Total				12,200,000,000.00	

6.28Other liabilities

Item	Closing balance	Opening balance
Deferred income	2,486,085.00	2,696,214.00
Risk reserve of future contract	5,912,780.74	4,617,862.66
Others	4,708,307,346.75	1,905,549,192.75
Total	4,716,706,212.49	1,912,863,269.41

Note: Others imply the holder of the rights and interests in payable with special purpose.

6.29Paid-in-capital

Intems	Opening balance	Current year movement（+ 、-）					Closing balance
		New-issued	Stock dividend	Pension transfer to equity	Others	Sub-total	
Total shares	2,004,000,000.00	500,000,000.00				500,000,000.00	2,504,000,000.00

Note: According to the China securities regulatory commission [2015] No. 191 “Regarding approval report of the initial public offering of Dongxing Securities Investment Co., Ltd", the company has publicly issued 500,000,000 of common shares (A shares), par value 1 yuan per share, the issue price is 9.18 yuan per share. As of February 13, 2015, the company has raised total funds of 4,590,000,000 yuan, after deducting distribution costs of 116,230,000 yuan, net funds are 4,473,770,000 yuan, including 500,000,000 yuan of increasing equity and 3,973,770,000 yuan of capital premium. The fund-raising report was issued by Ruihua Certified Public Accountants (Special ordinary partnership), report number is Ruihua check word [2015]01030001.

6.30Capital reserves

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	1,324,750,000.00	3,973,770,000.00		5,298,520,000.00
Total	1,324,750,000.00	3,973,770,000.00		5,298,520,000.00

Note: For details of increase in capital reserves, please refer to Note 6,29.

6.31Other comprehensive income

Item	Opening Balance	Current Year					Closing balance
		Amount incurred before tax	Minus: Prior period through OCI, current period through profit and loss	Minus：Tax expenses	Amount after tax that belong to Parent company	Amount after tax that belong to minority shareholders	
OCI that will be Reclassified in profit and loss in the following period	423,897,335.02	483,680,636.46	445,439,611.21	5,334,000.65	32,863,301.03	43,723.57	456,760,636.05
Including：Changes in the fair value of available for sale financial assets	423,897,335.02	483,680,636.46	445,439,611.21	5,334,000.65	32,863,301.03	43,723.57	456,760,636.05
Total	423,897,335.02	483,680,636.46	445,439,611.21	5,334,000.65	32,863,301.03	43,723.57	456,760,636.05

6.32Surplus reserves

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	394,995,164.76	229,435,276.47	-	624,430,441.23
Discretionary surplus reserve		114,717,638.24	-	114,717,638.24
Total	394,995,164.76	344,152,914.71	-	739,148,079.47

Note: Pursant to the PRC Company Law, the Company's Articles of Assiciation and resolutions of the board, the Company is required to withdraw 10% of its profit net of the previous years' losses to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

The company extracted seplus reserve based on 5% of annual net profit of 5% extraction any surplus reserve. According to "Advice on public offering of the securities company bonds" that the company apptoved on 2014 second temporary shareholders'meeting, the Company has the following Debt security arrangements: within the duration of the bonds, increase the percentage of discretionary surplus reserve and the percentage of general risk reserve. Increase the percentage of discretionary surplus and the percentage of general risk reserve to 5% and 11%, respectively, of the net profit after tax. If the Company fails to repay the due bond principle or interests, the company will further increase these two percentages to 20% and 12%, respectively, of the net profit after tax.

6.33General risk reserve

Item	Opening balance	Increase	Decrease	Closing balance
General risk reserve	394,995,164.76	252,532,786.99		647,527,951.75
Transaction risk reserve	394,995,164.76	229,435,276.47		624,430,441.23
Total	789,990,329.52	481,968,063.46		1,271,958,392.98

Note: (1) In accordance with the requirements of the CSRC Circular regarding the annual reporting of Securities companies in 2007 (Zhengjian jigou Zi [2007] No.320) issued, the company made appropriation of 10% based on the annual net profit to the general risk reserves; and also made appropriation of 10% based on the annual net profit to the transaction risk reserves.

In 2016, the general risk of the company increases due to the issue of the bond, the company start to made the appropriation of 11% based on the annual net profit.

According to the China securities regulatory commission No. 94 Document “The interim measures for the supervision and administration of securities investment fund risk reserve the initial public offering interim measures for the supervision and administration of securities investment fund risk reserve”, the Company will extract 10% of the fund management fee income as general risk reserve.

6.34Undistributed profit

Item	Current year	Prior year
Opening balance before adjustment	2,497,455,807.81	1,741,666,224.72
Adjustment for opening balance（Increase+，Decrease-）		
Opening balance after adjustment	2,497,455,807.81	1,741,666,224.72
Add：This year’s net profit attributable to the parent company share holders	2,043,932,918.40	1,040,597,699.34
Less：Appropriation of statutory surplus reserve	229,435,276.47	94,936,038.75
Appropriation of discretionary surplus reserve	114,717,638.24	
Appropriation of general risk reserve	481,968,063.46	189,872,077.50
Distribution of cash dividend	400,640,000.00	

Closing balance	3,314,627,748.04	2,497,455,807.81

6.35Net commission and fee income

Commission and fee income categories

Item	Current year	Prior year
Commission and fee income		
(1)Brokerage service income	3,131,522,960.52	1,292,087,609.16
Including：Securities brokerage	3,036,962,167.23	1,220,234,022.77
Including：Agency securities business	2,871,785,204.36	1,133,917,248.16
Trading unit seat leasing	124,856,357.79	73,071,851.11
Financial product business on a consignment basis	40,320,605.08	13,244,923.50
Future contract of brokerage business income	94,560,793.29	71,853,586.39
(2)Investment banking income	701,434,779.80	228,037,892.35
including：Securities underwriting business	392,967,802.97	64,787,276.03
Securities sponsor business	2,600,000.00	600,000.00
Financial advisory business	305,866,976.83	162,650,616.32
(3)Asset management business income	496,835,142.40	187,212,315.00
(4)Investment advisory business income	27,906,072.27	18,576,731.30
(5)Others	393,557.97	1,140,573.88
Sub-commission and fee income	**4,358,092,512.96**	**1,727,055,121.69**
Service charge and commission expense		

（1）Brokerage business expense	690,656,378.53	249,088,812.62
Including: Securities brokerage business expense	621,220,073.79	199,912,655.44
Including: Securities sponsor business expense	621,220,073.79	199,912,655.44
Trading unit seat leasing		
Financial product business on a consignment basis		
Future contract of brokerage business income	69,436,304.74	49,176,157.18
（2）Investment banking business expense	90,000.00	165,000.00
Including: Securities underwriting expense	90,000.00	165,000.00
Securities sponsor business expense		
Financial advisory business		
（3）Asset management business expense		
（4）Investment advisory business expendiure		
（5）Others	4,724,797.95	2,557,327.74
Sub-commission and fee expense	**695,471,176.48**	**251,811,140.36**
Fees and commissions of net income	**3,662,621,336.48**	**1,475,243,981.33**
Including：Financial advisory business net income	305,866,976.83	162,650,616.32
-Merger, acquisition and reorganization of financial advisory business net income-listed companies in China	9,000,000.00	
-Other merger, acquisition and		

reorganization of financial advisory business net income -Others		
-Financing financial advisory business net income	183,975,440.00	130,680,095.28
-Other financial advisory business net income	112,891,536.83	31,970,521.04

Including: Financial product business on a consignment basis

Item	Current year		Prior year	
	Total amount of sales	Gross sales	Total amount of sales	Gross sales
Fund	12,882,587,968.51	26,362,733.66	770,919,362.01	5,144,395.32
Entrust	705,920,800.00	12,163,251.85	1,230,100,000.00	8,100,528.18
Assets management products	223,180,000.00	1,794,619.57		
Total	13,811,688,768.51	40,320,605.08	2,001,019,362.01	13,244,923.50

Including: Asset management business

Item	Public funds management business	Collective asset management business	Specified asset management business	Special asset management business
Product quantity in the year end	2	38	102	3
No. of customer in the year end	5,632	22,616	102	10
Including: Individual customer	5,629	22,492	3	2
Institutional clients	3	124	99	8
Entrust funds at the beginning of the year		8,593,168,382.53	41,634,154,327.51	

Including: Investment of own funds		994,845,153.07		
Individual customer		5,836,567,613.84	100,000,000.00	
Institutional client		1,761,755,615.62	41,534,154,327.51	
Entrust fund at the end of the year	472,434,058.92	16,767,354,847.49	37,643,572,256.01	515,000,000.00
Including: Investment of own funds	27,998,000.00	1,452,360,955.89		7,500,000.00
Individual customer	444,337,242.69	9,031,854,991.21	110,000,000.00	7,500,000.00
Institutional client	98,816.23	6,283,138,900.39	37,533,572,256.01	500,000,000.00
Initial cost of entrust capital at the end of the year	315,734,161.75	14,730,536,560.59	37,907,181,004.01	501,557,441.05
Including: Stock	245,392,764.49	310,253,289.24	855,846,320.03	
National debt	10,022,000.00			
Other bonds	60,319,397.26	2,335,629,994.66	534,237,435.00	
Funds		3,406,276,263.08	600,322,539.72	
Other investment product		8,678,377,013.61	35,916,774,709.26	501,557,441.05
Net income of asset management business in the year of 2015	1,539,828.67	385,615,489.75	109,623,073.35	56,750.63

6.36Net interest income

Item	Current year	Prior year
Interest income	**1,976,646,720.10**	**799,675,310.04**
Due from bank of Interest income	498,688,286.95	232,882,618.92
Including: own funds deposit of interest income	120,578,051.02	53,591,822.38
Client funds deposit of interest income	378,110,235.93	179,290,796.54
Margin trading and securities lending of interest income	1,282,664,672.16	415,724,150.63
Financial assets held under resale agreements	195,293,760.99	151,068,540.49
Including: Agreed to buy back of interest income	21,923.96	265,622.30
Securities repurchase transaction of interest income	117,518,554.67	40,512,964.27
Lending to banks and other financial institutions of interest income		
Other		
Interest expense	**2,296,045,951.47**	**894,327,539.41**
Client funds deposit of interest expense	82,759,552.51	25,732,635.96
Sold for repurchase financial assets of interest expense	647,586,041.84	212,381,953.37
Including: Interest expense from redemptions of exchange-quoted		
Interest expense from short term loan	277,120,124.60	289,335,000.01
Interest expense due to other financial	135,578,851.45	52,724,482.32

institution.		
Including：interest expense from refinancing.	102,787,112.03	33,785,959.82
Short-term financing payable	55,287,819.55	70,373,164.58
Interest expense from bond payable	393,713,801.64	794,188.80
Interest expense from subordinated debentures	313,530,972.99	93,058,561.44
Interest expense generated from asset management priority holder	388,633,889.15	149,891,656.96
Others	1,834,897.74	35,895.97
Net interest income	**-319,399,231.37**	**-94,652,229.37**

6.37Investment Income

Item	Current year	Prior year
Investment income generate by the disposal of a long-term equity investment		561.78
Investment income from financial instruments	1,897,024,328.94	1,219,445,539.40
Including：Income generate in holding period	1,747,090,356.96	845,419,063.10
-Financial asset held for trading	182,025,959.52	43,443,499.47
-Available-for-sale financial assets	1,565,064,397.44	801,975,563.63
Earning achieved by disposal financial instruments	149,933,971.98	374,026,476.30
-Financial asset held for trading	128,602,859.37	127,882,390.33
-Available-for-sale financial assets	-17,971,387.53	299,951,161.69
-Derivative financial instruments	39,302,500.14	-53,807,075.72

Financial liabilities designated at fair value through profit or loss		
Total	1,897,024,328.94	1,219,446,101.18

6.38Gain and losses from changes in fair value

The source of the gain and losses from changes in fair value	Current year	Prior year
Financial asset held for trading	115,545,161.46	-3,541,504.57
Financial liabilities designated at fair value through profit or loss		
Derivative financial instruments	-1,551,653.36	
Total	113,993,508.10	-3,541,504.57

6.39Other operating income

Item	Current year	Prior year
Leasing	1,815,533.94	947,956.67
Others	495,474.78	296,367.38
Total	2,311,008.72	1,244,324.05

6.40Business taxes and surcharges

Item	Current year	Prior year
Business tax	311,406,248.04	139,727,371.45
Urban construction tax	21,634,404.36	9,174,502.23

Education fee	15,570,312.74	6,986,368.58
Watersource management fee	1,769,800.38	718,124.22
Total	350,380,765.52	156,606,366.48

6.41General and administration expenses

Main item	Current year	Prior year
Payroll	1,728,762,923.80	734,923,560.93
Product sales and advertising fee	106,467,996.00	62,720,642.78
Leasing	82,691,850.04	68,359,144.87
Depreciation and amortization	58,359,408.97	49,074,220.46
Post and communications	53,989,675.67	45,054,102.63
Business promotion and entertainment	33,756,046.75	29,242,342.07
Meeting and traveling	40,302,531.51	26,465,170.46
Investor protection funds	29,162,949.93	12,900,539.34
Consulting expense	28,106,709.87	9,763,313.69
Exchange membership fee	26,252,841.13	14,601,465.57
Others	88,948,427.87	69,308,290.08
Total	2,276,801,361.54	1,122,412,792.88

6.42Impairment losses

Main item	Current year	Prior year
Bad debt provision in receivable	9,282,114.37	

Impairment provision in margin funds	19,086,909.71	45,982,575.09
Impairment provision in securities repurchase transaction	1,017,082.68	6,050,239.00
Impairment provision Available-for-sale financial asset	171,680,411.15	
Total	201,066,517.91	52,032,814.09

6.43Non-operating income

(1)Non-operating income by category

Item	Current year		Prior year	
	Amount	Recognized in current year profit or loss as extraordinary item	Amount	Recognized in current year profit or loss as extraordinary item
Total gains of disposal of non-current assets	1,889,051.74	1,889,051.74	203,814.04	203,814.04
Includin: Gain from disposal of fixed assets	109,051.74	109,051.74	203,814.04	203,814.04
Gain from disposal of intangible assets	1,780,000.00	1,780,000.00		
Tax incentives	229,064.10	229,064.10	3,797,173.20	3,797,173.20
Government grant	1,651,660.00	1,651,660.00	50,914,588.23	50,914,588.23
Others	237,665.83	237,665.83	48,959.70	48,959.70
Total	4,007,441.67	4,007,441.67	54,964,535.17	54,964,535.17

(2)Government grant by category

Item	Current year	Prior year
Subsidies for financial enterprise to buy business housing(Note1)	212,859.00	212,859.00
Support fund for shanghai No.2 guangling road enterprise(Note2)	180,000.00	271,000.00
Zhaojiabang Road, Shanghai sales industry development lead special funds(Note3)	240,000.00	
Reward funds by the government		300,000.00
Subsidies for government rent		325,000.00
Pintan comprehensive experimental area management committee to encourage support industry development aid		48,546,729.23
Shanghai hongkou district bureau of subsidies		659,000.00
Zhongguancun administrative committee subsidies(Note4)	200,000.00	600,000.00
Shenzhen sales department financial institutions on one-time disposal(Note5)	298,801.00	
Tax refund from Shanghai hongkou district bureau(Note6)	520,000.00	
Total	1,651,660.00	50,914,588.23

Note1: According to the Beijing municipal development and reform committee on February 16, 2005, issued the jing fa gai [2005] No.197 “To promote the development of capital financial industry change opinion” Company applied for and received from the Beijing xicheng district bureau issued subsidies of 4,257,180.00 yuan for the financial enterprise purchase of business housing purpose, the amortization time are 20 years, the amortization amount is 212,859.00 yuan per year.

Note2: According to the agreement, the company in shanghai No.2 guangling road business department received enterprises supportfund of 180,000 yuan from shanghai financial services office.

Note3: The business department of the company in Zhaojiabang Road, Shanghai, received 240,000 yuan for industry development specialized fund from Financial service office of Shanghai Xuhui distrct.

Note4: The company received the support funds of 200,000 and 600,000, respectively, from Zhongguancun Administrative Committee in 2016.

Note5: The company received 298,800 yuan of rent subsidy from Shenzhen Bureau of finance in 2016.

Note6: Dongxing Futures Co., Ltd, the subsidiary of the company, received 520,000 of tax refund fromThe Shanghai hongkou bureau of finance in 2016.

6.44Non-operating expense

Item	Current year		Prior year	
	Amount	Recognized in current year profit or loss as extraordinary item	Amount	Recognized in current year profit or loss as extraordinary item
Total loss on disposal of non-current assets	5,865.90	5,865.90	2,022.35	2,022.35
Including: Losses on disposal of fixed assets	5,865.90	5,865.90	2,022.35	2,022.35

Donation	2,638,132.00	2,638,132.00	2,000,000.00	2,000,000.00
Liquidated damage expenses	1,692,667.75	1,692,667.75		
Overdue fine	391.89	391.89	4,509.85	4,509.85
Others			10,000.00	10,000.00
Total	4,337,057.54	4,337,057.54	2,016,532.20	2,016,532.20

6.45Income tax

(1)Income tax expense

Item	Current year	Prior year
Current tax expense for the year	749,797,001.50	328,049,404.27
Deferred income tax	-265,312,968.55	-48,976,942.61
Total	484,484,032.95	279,072,461.66

(2)Reconciliation between income tax expense and accounting profit

Item	Current year	Prior year
Profit/losses before taxation	2,528,417,368.11	1,319,670,177.90
Income tax expense calculated based on applicable tax rate	632,494,282.12	329,917,544.48
Effect of adjustment of prior income tax expense	24,073.06	
Effect of permanent differences	-148,034,322.23	-50,845,082.82
Income tax expenses	484,484,032.95	279,072,461.66

6.46Other comprehensive income - net of tax

See details in Note 6.31.

6.47Basic earnings per share and diluted earnings per share

(1)Basic earnings per share and diluted earning per share in each period

Profit during the reporting period	Current year		Prior year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	0.844	0.844	0.519	0.519
After deducting non-recurring gains and losses of net profit attributable to ordinary shareholders	0.844	0.844	0.499	0.499

(2)Basic EPS and diluted earnings per share calculation process

During the reporting period, company does not exist with dilutive ordinary share potentially. As result, diluted EPS is equal to the basic EPS.

① Under the basic earnings per share calculation, the current net profit attributable to ordinary shareholders as follows:

Item	Current year	Prior year
Net profit attributable to ordinary shareholders	2,043,932,918.40	1,040,597,699.34
After deducting non-recurring gains and losses of net profit attributable to ordinary shareholders	2,044,180,032.33	1,000,885,569.65

② Under the basic earning per share calculation, the denominator is the weighted average number of ordinary shares in issue. The calculation process is as follows:

Item	Current year	Prior year

Number of ordinary shares in issue at the beginning of the year	2,004,000,000.00	2,004,000,000.00
Add：weighted number of ordinary share in issue in current year	416,666,666.67	
Number of ordinary shares in issue at the end of the year	2,420,666,666.67	2,004,000,000.00

6.48Net asset condition of the entrusted customer asset management service

Asset item	Opening balance	Liabilities item	Closing balance
Entrusted management capital deposits	2,838,693,116.58	Entrusted funds	55,398,361,162.42
Customer settlement reserves	45,777,253.28	Account payable	666,790,045.27
Save for and entrust client funds	6,069,016.35		
Account receivable	146,052,188.15		
Entrusted investment	53,028,559,633.33		
Including: cost of investment	53,455,009,167.40		
Realized unsettled gain and loss	-426,449,534.07		
Total	**56,065,151,207.69**	Total	**56,065,151,207.69**

(Continued)

Asset item	Opening balance	Liabilities item	Closing balance
Entrusted management	121,754,866.18	Entrusted funds	50,227,322,710.04

capital deposits			
Customer settlement reserves	13,400,843.96	Account payable	19,894,914.79
Save for and entrust client funds	656,184.05		
Account receivable	67,483,563.38		
Entrusted investment	50,043,922,167.26		
Including: cost of investment	50,294,541,483.60		
Realized unsettled gain and loss	-250,619,316.34		
Total	**50,247,217,624.83**	Total	**50,247,217,624.83**

6.49Segment report

(1) Business segment

Current year	Brokerage securities	Self-operated	Investment	Asset	Future contract	Altnernative	Credit business	Other business	Internal	Total
（1）Operating income	2,697,114,968.97	1,326,794,939.70	609,872,022.80	537,813,692.33	74,506,283.67	-216,970,755.49	694,104,789.11	-331,827,858.09	-34,412,454.05	5,356,995,628.95
Including：Commission and fee income	2,436,928,375.89		609,872,022.80	533,680,446.66	25,905,111.72	98,448,896.09		-6,553,946.80	-35,659,569.88	3,662,621,336.48
Return on investment		1,578,239,592.09		304,576,988.49	2,202,197.47	9,082,469.41		1,675,965.65	1,247,115.83	1,897,024,328.94
Other income（Changes in fair value）	260,186,593.08	-251,444,652.39		-300,443,742.82	46,398,974.48	-324,502,120.99	694,104,789.11	-326,949,876.94		-202,650,036.47
（2）operating expense	993,679,648.33	213,419,953.03	298,368,660.52	316,814,142.80	48,655,545.26	127,758,840.63	218,307,661.84	645,656,646.61	-34,412,454.05	2,828,248,644.97
（3）Operating profit	1,703,435,320.64	1,113,374,986.67	311,503,362.28	220,999,549.53	25,850,738.41	-344,729,596.12	475,797,127.27	-977,484,504.70		2,528,746,983.98
（4）Total profit	1,704,129,750.23	1,113,374,986.67	311,503,362.28	220,999,549.53	26,258,901.79	-342,949,596.12	475,797,127.27	-980,696,713.54		2,528,417,368.11
（5）Total asset	15,819,380,713.03	27,242,646,435.66	21,504,012.52	5,980,093,979.04	1,062,601,345.53	5,457,457,255.92	13,908,695,572.64	4,433,953,494.80	-745,097,233.85	73,181,235,575.29

（6）Total liablities	15,663,782,668.33	21,703,187,554.57		3,702,703,471.77	700,011,861.99	5,038,357,886.50	11,485,734,182.63	1,328,965,414.02	-26,790,878.29	59,595,952,161.52
Depreciation and	22,680,063.10	1,982,174.48	628,507.63	637,406.07	3,655,737.71	10,763.59	3,042,968.30	25,721,788.09		58,359,408.97
Prior year	Brokerage securities	Self-operated business	Investment banking	Asset management	Future contract business	Altnernative investment	Credit business	Other business	Internal elmimated	Total
（1）Operating income	1,173,523,923.10	299,529,115.39	227,888,421.61	248,800,374.38	65,583,955.70	313,855,566.05	308,823,828.46	14,406,313.36	-54,637,349.67	2,597,774,148.38
Including：Commission and fee	1,041,572,847.46		227,888,421.61	209,485,628.85	27,210,074.01	21,984,470.74		2,272,533.13	-55,169,994.47	1,475,243,981.33
Return on investment		465,948,582.73		173,013,530.88	2,110,573.67	577,840,769.10			532,644.80	1,219,446,101.18
Other income（Changes in fair value）	131,951,075.64	-166,419,467.34		-133,698,785.35	36,263,308.02	-285,969,673.79	308,823,828.46	12,133,780.23		-96,915,934.13
（2）operating expense	630,363,068.28	83,194,991.24	118,985,280.98	112,738,656.81	42,500,359.64	111,529,754.82	120,946,911.36	165,430,299.99	-54,637,349.67	1,331,051,973.45
（3）Operating profit	543,160,854.82	216,334,124.15	108,903,140.63	136,061,717.57	23,083,596.06	202,325,811.23	187,876,917.10	-151,023,986.63		1,266,722,174.93
（4）Total profit	543,160,854.82	216,334,124.15	108,903,140.63	136,061,717.57	23,429,952.90	250,872,540.46	187,876,917.10	-146,969,069.73		1,319,670,177.90
（5）Total asset	10,051,934,517.49	7,518,796,141.30	21,059,376.21	3,351,244,961.22	1,731,197,331.28	5,992,235,003.53	9,859,331,595.84	4,854,123,939.85	-772,774,196.30	42,607,148,670.42
（6）Total liablities	9,643,040,773.82	5,561,821,342.84		1,906,549,241.36	1,388,676,105.50	5,196,158,113.55	8,888,233,729.25	2,641,824,150.83	-54,467,840.74	35,171,835,616.41

Depreciation and armotization	18,591,193.63	518,862.64	535,362.60	405,004.46	2,749,191.96	28,004.76	512,647.82	25,733,952.59		49,074,220.46

6.50Notes of cash flow statement

(1)Cash received from other related to operation activities

Item	Current year	Prior year
Government subsidies income	1,438,801.00	50,701,729.23
Net of current account receivable	72,025,788.87	1,184,417.68
Decrease in refundable deposit	291,994,513.85	
Housing rental income	1,815,533.94	947,956.67
Tax incentives	229,064.10	3,797,173.20
Fund raising for Collective asset management business	2,800,393,859.16	1,878,524,810.83
Others	741,140.61	345,327.08
Total	3,168,638,701.53	1,935,501,414.69

(2)Cash payment related to other operating activities

Item	Current year	Prior year
General and administrative expense	406,220,558.96	308,718,257.51
Penalty and fine for delaying payment	391.89	4,509.85
Donation	2,638,132.00	2,000,000.00
The increase of the defundable deposit		590,304,087.29
Net cash payament of Acting underwriting securities		150,000,000.00
Liquidated damange expenses	1,692,667.75	
Total	410,551,750.60	1,051,026,854.65

(3)Cash received from other related to investment activities

Item	Current year	Prior year
Net reclaim cash from disposal of fixed assets	1,959,939.13	244,004.28
Total	1,959,939.13	244,004.28

6.51Supplement to cash flow statement

(1)Reconciliation of net profit to cash flows from operating activities

Supplement information	Curent year	Prior year
1.Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,043,933,335.16	1,040,597,716.24
Add: Impairment losses	201,066,517.91	52,032,814.09
Depreciation of fixed assets	32,792,991.09	30,089,690.46
Amortisation of intangible assets	18,264,080.29	10,536,390.09
Amortisation of long-term deferred expenses	7,302,337.59	8,448,139.91
Losses/(gains) on disposal of fixed assets, intangible assets, and other long-term assets	-1,883,185.84	-201,791.69
Losses from fair value change/(Gain)	-113,993,508.10	3,541,504.57
Financial expense/(income)	1,039,652,718.78	453,560,914.83
Profit or loss on exchange/(Profit)	-444,678.08	-33,475.76
Investment losses/(Profit)	-1,547,093,009.91	-1,101,927,287.10
Decrease/(Increased)Financial Asset designated at fair value through profit or loss	-6,654,384,753.53	-238,398,122.37
Decrease/(increase) in deferred tax assets	-290,380,532.75	-53,804,295.97

Increase/(decrease) in deferred tax liabilities	25,067,564.20	4,827,353.36
Decrease/(increase) in operating receivables	-6,676,229,860.13	-8,681,157,074.82
Increase/(decrease) in operating payables	13,221,367,703.59	17,753,454,894.82
Others		
Net cash flow from operating activities	1,305,037,720.27	9,281,567,370.66
2.Investing and financing activities not requiring the use of cash or cash equivalents		
Conversion of debt into capital		
Convertible bonds natured within a year		
Fixed assets under financing leasing		
3、Change in cash and cash equivalents:		
Cash at the end of the period	18,647,363,877.80	14,363,439,774.32
Less: Cash at the beginning of the period	14,363,439,774.32	5,736,296,594.81
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	4,283,924,103.48	8,627,143,179.51

(2)Cash and cash equivalents held by the Company

Item	Closing balanace	Opening balance
1.Cash at bank and on hand	18,647,363,877.80	14,363,439,774.32
Including: Cash on hand	52,483.92	33,187.49
Bank deposits available on demand	12,723,410,939.30	10,435,813,042.24
Other monetary fund available on	1,036,698.17	6,206,293.37

demand		
Clearing settlement funds	5,922,863,756.41	3,921,387,251.22
2.Cash equivalents		
3.Closing balance of cash and cash equivalents	18,647,363,877.80	14,363,439,774.32
Including: parent company or subsidiary use restricted cash and cash equivalents		

6.52Assets of restricted ownership or rights of use

Item	Closing balance	Reasons of restriction
Financial assets designated at fair value through profit or loss	405,296,827.94	Limited sales period
Available for sale financial assets	952,430.37	Securities lending
Available for sale financial assets	660,039,644.26	Limited sales period
Available for sale financial assets	3,282,039,679.74	Bond pledged repo purchase and refinancing guarantee
Available for sale financial Assets	1,468,025,174.85	Self-owned fund participates in collective plan, contract restricted for quit
Total	5,816,353,757.16	

7.CHANGES IN COMBINATION SCOPE

7.1Business combination not under the same control

Company not have business combination activities happened under the not same control this condition in this year.

7.2Business combination under the same control

The Company does not have business combination activites happended under the same control in the year.

7.3Other reasons for the change the combination scope

(1)Subsidiary by setting up or investment method

Monetary unit：Ten thousand RMB

Subsidiary	Type of subsidiary	Domicile	Nature of business	The registered capital	Business scope	Type of the company	Legal repress entative	Year end Actual Capital Contrib utable	Subsquently as subsidiary' net investment of other item balance
Dongxing Securities (Hong Kong) Financial Holdings Limited	Legal person control	Hong Kong Cooperation zone	Investment managment	HKD 30,000.00	Trasactions in Plate 1 Security trading and Plate 6 enterprise financing transactions are limited from regulation.	Limited liability company	Shihao Tan	HKD 0.00	No

Fujian Dongtou Fund Management Co., Ltd	Legal person control	Sanming, Fujian Province	Fund Management	RMB 2,000.00	Private equity fund management service/ asset management/ investment management/ investment consulting/ financial instruments investment/ equity investment/ Consulting service	Limited liability company	Yongang Liu	RMB 2,000.00	No
Shanghai DongCeSheng Asset Management Co., Ltd.	Legal person wholly owned	Pudong new Distrct, Shanghai	Investment Management	RMB 100.00	Asset management/ equity investment management/ investment consulting/ business information consulting/ investment management/ enterise mangement	Limited liability company	Meng Guo	RMB 100.00	No

(Continued)

Monetary unit：Ten thousand RMB

Subsidiary company name	Holding/ Investment proportion	Voting percentage	Whether consolidated	Rights And interests of minority shareholders	The rights and interests of minority shareholders in made to reduce the number of shareholders to the amount of profit and loss	others	reference

Dongxing Securities (Hong Kong) Financial Holdings Limited	0.00	100.00	Yes	0.00	0.00		
Fujian Dongtou Fund Management Co., Ltd	100.00	100.00	Yes	0.00	0.00		
Shanghai DongCeSheng Asset Management Co., Ltd.	100.00	100.00	Yes	0.00	0.00		

Including：New subsidiaries into the consolidate scope in current year：

Name	Net asset in the end of 2015	Net profit in 2015
Dongxing Securities (Hong Kong) Financial Holdings Limited	-3,830,588.00	-3,830,588.00
Fujian Dongtou Fund Management Co., Ltd	20,001,237.49	1,237.49
Shanghai DongCeSheng Asset Management Co., Ltd.	1,029,884.57	353.32

Note: The registered capital of Dongxing Securities (Hong Kong) Financial Holdings Limited is HKD 300 million, this amount has not been actually funded.

(2)New subject into the consolidate scope in current year

Company as an aggregate asset management plan administrator incorporates 9 collection asset management product, the balance of the asset and liabilities of the products shown below:

Item	Assets	Liabilities	Net Assets
Dongxing jinxuan xingsheng Collective asset management plan	69,362,698.81	125,481.27	69,237,217.54
Dongxing jinxuan jingzhi No.15 Collective asset management plan	190,526,963.82	78,075.83	190,448,887.99
Dongxing jinxuan jingzhi No.23 Collective asset management plan	104,011,556.57	105,155.87	103,906,400.70
Dongxing Wenxing No.1 Collective asset management plan	1,754,230,782.55	145,546.12	1,754,085,236.43
No.2 Dongxing high quality development collective asset management plan	46,241,525.13	105,647.98	46,135,877.15
Yinhua Capital, No. 1 Hengtai special asset management plan	444,297,808.87	602,522,112.86	-158,224,303.99
China Merchants Wealth- No.5 special asset management plan-oversea focused	245,862,665.51	742,876.98	245,119,788.53
Hua an dongxing finite buffer set assemanagement plan	236,995,679.48	1,330,898.43	235,664,781.05
No.2 Hua an dongxing finite buffer set assemanagement plan	235,377,989.81	1,321,036.13	234,056,953.68

(3)Structured entities that no longer in the range of consolidate scope this year

①Original structured entities that no longer in the range of consolidate scope this year.

Name of the structured entities	Product type	Holding percentage (%)	Reasons not in the consolidate scope
No.2 Dongxing Jinxuan Xingsheng	Collective asset	11.18	Liquidation

collective asset management plan	management plan		
No.6 Dongxing Jinxuan Xingsheng collective asset management plan	Collective asset management plan	10.63	Liquidation
No.12 Dongxing Jinxuan Xingsheng collective asset management plan	Collective asset management plan	100.00	Liquidation
Dongxing buffer set No.3 collective asset management plan	Collective asset management plan	100.00	Liquidation

②Financial status of original structured entity on the disposal day and prior accounting period balance sheet date.

Name of structured entity	Date of liquidation	Date of liquidation			2014.12.31		
		Total assets	Total liabilities	Total net assets	Total assets	Total liabilities	Total net assets
No.2 Dongxing Jinxuan xingsheng collective asset management plan	2015-11-2	107,213.79	84,193.80	23,019.99	91,206,405.72	548,534.15	90,657,871.57
No.6 Dongxing Jinxuan xingsheng collective asset management plan	2015-11-23	2,097,034.96	1,972,280.01	124,754.95	102,554,053.18	351,813.56	102,202,239.62
No.12 Dongxing Jinxuan jingzhi collective asset management	2015-2-2	30,931,871.88	30,621,924.07	309,947.81	30,735,062.46	55,241.38	30,679,821.08

plan							
Dongxing buffer No.3 collective asset management plan	2015-1-22	124,412.83	21,144.99	103,267.84	1,116,380.55	25,868.64	1,090,511.91

③Operating results of original structured entities from beginning of the year to the date of liquidation

Name of structured entities	Date of liquidation	Beginning of the year to the date of liquidation		
		Revenue	Expenses	Net profit
No. 2 Donxing Jinxuan Jinsheng assets management plan	2015-11-2	7,311,461.64	923,009.35	6,388,452.29
No. 6 Donxing Jinxuan Jinsheng assets management plan	2015-11-23	29,174,993.70	3,134,978.35	26,040,015.35
No. 12 Donxing Jinxuan Jinsheng assets management plan	2015-2-2	196,809.42	11,132.43	185,676.99
No.3 Donxing buffer set asset management plan	2015-1-22	1,347.02	1,144.99	202.03

8.DISCLOSURE OF THE EQUITY IN OTHER SUBJECTS

8.1Disclosure the equity in subsidiary

(1)The structure of the group

Subsidiary	Main premises	Domicile	Nature of business	Percentage (%)		Subsidiary
				Direct	Indirect	

Subsidiary	Main premises	Domicile	Nature of business	Percentage (%)		Subsidiary
				Direct	Indirect	
Dongxing Futures Co., Ltd	Shanghai	Shanghai	Finance	100.00		Merger under different control
Dongxing Securities Investment C	Pingtan County, Fuzhou, Fujian	Pingtan County, Fuzhou, Fujian	Investment	100.00		Acquisition through establishment or investment
Dongxing Capital Investment Man	Shenzhen District of Qianhai, Shenzhen-Hong Kong cooperation zone	Shenzhen District of Qianhai, Shenzhen-Hong Kong cooperation zone	Investment management	100.00		Acquisition through establishment or investment
Shenzhen Dongxi Development Investment Managemnt (LLP)	Pingtan County, Fuzhou, Fujian	Pingtan County, Fuzhou, Fujian	Investment management		99.15	Acquisition through establishment or investment
Shihezi Dongxing Bofa Equity Investment (LLP)	Heshizi, Xinjiang	Heshizi, Xinjiang	Investment management		51.00	Acquisition through establishment or investment
Dongxing fortune Asset Management Co., Ltd	Shanghai	Shanghai pilot free trade zone	Investment management		100.00	Acquisition through establishment or investment
Dongxing	Hong Kong	Hong Kong	Investment	100.00		Acquisition

Subsidiary	Main premises	Domicile	Nature of business	Percentage (%)		Subsidiary
				Direct	Indirect	
Securities (Hong Kong) Financial Holdings Limited	Special Administrative Region	Special Administrative Region	management			through establishment or investment
Fujian Dongtou Fund Management Co., Ltd.	Fujiang Province	Sanming, Fujian	Fund management		100.00	Acquisition through establishment or investment
Shanghai Dong Ce Sheng Asset Management Co Ltd.	Shanghai	Pudong new district, Shanghai	Investment management		100.00	Acquisition through establishment or investment

(2)Partly-owned subsidiary

Name of subsidiaries	Reporting period	Proportion of minority shareholders	Profit or loss of minority shareholders in current priod	Dividends paid to minority shareholders in current year	Cumulative minority shareholders' equity at the year end
Shenzhen Dongxi Development Investment Managemnt (LLP)	2015	0.85%	416.76	-	268,557.23
Shihezi Dongxing Bofa Equity Investment (LLP)	2015	49.00%			

Note: Shihezi Dongxing Bofa Equity Investment (LLP) was established on 10 July 2014, until the end of 2015, Partners have not yet subscribed capital contribution and the business has not yet carried out any business activitie.

(3)Main financial information of Partly-owned subsidiary

Name of Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Dongxi Development Investment Managemnt (LLP)	75,285.90	33,274,600.00	33,349,885.90	440.00	1,714,650.00	1,715,090.00
Shihezi Dongxing Bofa Equity Investment (LLP)						

(Continued)

Name of Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Dongxi Development Investment Managemnt (LLP)	2,130.15	22,440,000.00	22,442,130.15	440.00		440.00
Shihezi Dongxing Bofa Equity Investment (LLP)						

Name of Subsidiaries	Current year				Prio year			
	Operating income	Net profit	Comprehensive income	Cash flow from operating	Operating income	Net profit	Comprehensive income	Cash flow from operating

Name of Subsidiaries	Current year				Prio year			
				activities				activities
Shenzhen Dongxi Development Investment Managemnt (LLP)	50,955.71	49,155.75	5,193,105.75	-388.07	13,760.13	1,690.15	1,690.15	2,130.15
Shihezi Dongxing Bofa Equity Investment (LLP)								

8.2Equity in structured entities of consolidated scope

Entity name with special purpose	Product type	Actually holding percentage	Total of planned shares	Holding percentage (%)	Consolidated financial statement or not
		2015.12.31	2015.12.31		
No.9 Dongxing jinxuan wenying asset management plan	Collective asset management plan	99,635,077.48	498,175,387.38	20.00	Yes
No.10 Dongxing jinxuan wenying asset management plan	Collective asset management plan	95,388,707.35	476,943,536.73	20.00	Yes
No.12 Dongxing jinxuan wenying asset management plan	Collective asset management plan	114,921,647.30	574,608,236.51	20.00	Yes

No.3 Dongxing jinxuan xingsheng asset management plan	Collective asset management plan	120,000.00	1,120,000.00	10.71	Yes
No.4 Dongxing jinxuan xingsheng asset management plan	Collective asset management plan	712,108,536.00	906,751,149.60	78.53	Yes
No.5 Dongxing jinxuan xingsheng asset management plan	Collective asset management plan	120,000.00	1,120,000.00	10.71	Yes
No.5 Dongxing jinxuan jingzhi asset management plan	Collective asset management plan	24,200,000.00	160,450,000.00	15.08	Yes
No.10 Dongxing jinxuan jingzhi asset management plan	Collective asset management plan	67,377,500.00	336,887,500.00	20.00	Yes
No.11 Dongxing jinxuan jingzhi asset management plan	Collective asset management plan	150,000.00	200,000.00	75.00	Yes
No.12 Dongxing jinxuan xingsheng asset management plan	Collective asset management plan	7,200,000.00	69,000,000.00	10.43	Yes
No.15 Dongxing jinxuan jingzhi asset management plan	Collective asset management plan	21,801,211.64	189,627,894.97	11.50	Yes

No.23 Dongxing jinxuan jingzhi asset management plan	Collective asset management plan	14,000,000.00	99,904,702.50	14.01	Yes
No.1 Dongxing jinxuan wenying asset management plan	Collective asset management plan	250,000,000.00	1,750,000,000.00	14.29	Yes
No.2 Dongxing youzhi developmentcollective asset management plan	Collective asset management plan	34,418,847.10	40,978,983.99	83.99	Yes
Yinhua capital- No.1 Hengtai special asset management plan	Collective asset management plan	0.00	600,000,000.00	0.00	Yes
China Merchant wealth- No.5 special asset management plan- oversea focused	Collective asset management plan	541,817,745.80	543,817,745.80	99.63	Yes
Hua an dongxing finite buffer set assemanagement plan	Collective asset management plan	49,550,000.00	247,750,000.00	20.00	Yes
No.2 Hua an dongxing finite buffer set assemanagement plan	Collective asset management plan	49,175,000.00	245,875,000.00	20.00	Yes

8.3Equity in structured entity that not in the consolidate scope

①Basic information

Up until 31 December 2015, the equity of structured entity that not in the consolidate scope are mainly the collective asset management plans. The total asset of this kind of structured entity is 10,223 million as of 31 December 2015 and 6,763 million as of 31 December 2014.

②Balance sheet equity related book value and maximum loss exposure

Item	Book value	Maximum loss exposure	Book value	Maximum loss exposure
	2015	2015	2014	2014
Collective asset management plan	1,619,755,049.75	1,619,755,049.75	1,137,593,509.25	1,137,593,509.25

③The company is the initiator of structured entity but no equity holding in the structured entity.

The company was identified as the initiator of the structured entity under the following basis: in the process of established structured body, or other relevant parties that make joint organization, the company has played an important role in the process of setting up a structured subject and structured the body is the extension of the company's main business activity. After the establishment of structured entity, those entities still keep close business relationship with the company.

The company earned 225,172,400.00 yuan management fee and compensation from collective asset management plan this year.

9.THE RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Company use sensitivity analysis technique to anylysis financial instruments' risk variables reasonably and whether make impact in the profit and loss for shareholder's equity in current period. Because there are rarely any risk variables changes isolation, and the correlation between variables for a risk variables of the eventual impact of the change of the amount will have a significant effect, so the following content is under the assumption that the change of each variable was conducted under the condition of the independent.

9.1Market risk

(1)Currency rate risk

Currency rate risk is originated from the fluctuation of the fair value cash flow of financial instruments resulting from the change of currency rates of other countires. Company foreign currency assets and liabilities of the main body are the customer trading capital, customer's foreign currency assets and liabilities, and their exchange rate risk is independent of the company. Only a small amount for B share business formed it own foreign currency assets and liabilities, the exchange rate risk canbe ignored.

(2)Interest rate risk

Interest rate risk sensitivity analysis based on the following assumption：

①Market interest rate changes affect interest income and expense generated by the variable rate of financial instruments.

②For the fixed interest rate of financial instruments measured as fair value way, the market interest rate change canbe only affect the interest income or expense.

③For derivative financial instruments designated as a hedging instrument, the market interest rate changes not only affect the fair value, and also all interest rate hedging expectation is highly effective.

④In the financial position date, market interest rate using discounted cash flow method to calculate derivative and fair value change in other financial asset and liabilities

(3)Other Price risk

Pricing risk is created by the company possess financial asset and measured by the fair value. Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk),whether those changes are caused by factors specific to the individual financial instrument or its issuer,or factors affecting all similar financial instruments traded in the market. Company mainly through use VaR and sensitivity analysis to measure price under normal fluctuation.Simultaneously, we also use stress test method to evaluate possible loss in extremely cases, in addition, company also use derivative financial tools such as stock index future to hedge.

9.2Credit risk

Credit risk represents the potential loss that may arise form the failure of a debtor or counterparty to meet ite obligation or commitment to the group.

Company'credit risk mainly comes from 2 aspects: one is created by the margin trading, refers to margin trading clients breach of contract to bring the risk of loss to the company; second, the creditors right (including bonds) investment create default risk, namely investment by the issuer of a bond or conteraprty defaults, refused to pay principal and interest, or consideration can be leading to the risk of losses and gains change.

Margin trading of credit risk mainly includes clients failed to fully repaid debt in time, guarantee percentage are not reach the standard and failed strength, position size and structure of breach of the contract, transaction behavior in violation of the regulations, to provide collateral assets involved in legal disputes etc. When the company did the margin trading, which also through customer education, credit investigation, credit risk of strict control to ensure the target customer with good credit. Besides, company through strict monitoring underlying securities, trade concentration, customer guarantee maintenance ratio to ensure the customer default risk controllable and checked. In addition, company also through customer risk warning, forced to unwind, judicial recourse lending methods to ensure the assets safe.

The company has established the internal credit evaluation mechanism to control the debt default and degradation risk, and through use credit rating of investment restrictions and adopt diversification strategy to reduce the damage caused by issuers credit risk; in addition, company also through counterparties to access system, the blacklist system limits the counterparties to minimum level requirements, to minimize the damage from a counterparty default.

Equity returns swap business mainly involves counterparty failing to pay on time, and failed to timely make up margin when investment losses, such as counterparty calculation amount does not match the risk.Company credit risk control of equity returns swap business mainly through company consider counterparty set margin ratio and size restrictions, and also based on marking to market, risk warning, follow the insurance to control the credit risk of counterparties, there are also take necessary compulsory unwind default disposal measures and judicial recourse to assure the safety of company funds.

9.3Liquidity risk

Liquidity risk represent company holding financial instrument but cannot realized with a reasonable price quickly so that created risk of loss and unable to pay due debts. Company formulated the “Dongxing securities liquidity risk management method”,“Dongxing securities high quality liquid assets management rules”and “dongxing securities liquidity risk emergency response plans”with other liquidity management system to established including the board of directors of the company ,and its special committee, company managers and chief risk officer, liquidity risk management, business management and function management department 4 levels of liquidity risk management organization structure and difference responsibility. Besides it also determines the company's liquidity risk appetite is moderate, the relevant liquidity measurement is depending on quantitative and qualitative methods. And also established the management organization and responsibility of the company's high quality liquid asset, and limit determination and distribution policy. In order to effectively prevent, control and resolve liquidity risk, Company set up liquidity risk emergency leading group and try to overall coordination of emergency liquidity risk management. In this aspect, Company funds unified management and operation in the day-to-day running, and also pay attention to capital management system construction, the borrowing of money, buy the specific functions and powers, to issue bonds and other business department. As the client's assets have been three parties' depository, there is no misappropriation of client funds and is produced by its repayment obligations'condition, therefore, the company faces the liquidity risk is mainly produced by the company has its own debt repayment. Company by holding lots of their own funds and highly liquid financial instrument imply it still available to meet the demand of its own debt to pay. More essentially, company in the interbank and market still keep good credit level, and also maintain a relatively stable lending, repurchase, and short-term financing channel. Thus, company's overall liquidity performance stable at the safer levels effectively.

10.FAIR VALUE DISCLOSURE

10.1Year end asset and liabilities measured at fair value

Item	Fair value at the year end			
	Fair value measurement at level 1 input	Fair value measurement at level 2 input	Fair value measurement at level 3 input	Total
Measured at fair value on a recurring basis				
Fiancial assets designated at fair value through profit or	694,355,055.87	6,500,879,422.66	764,421,885.93	7,959,656,364.46

Item	Fair value at the year end			
	Fair value measurement at level 1 input	Fair value measurement at level 2 input	Fair value measurement at level 3 input	Total
loss				
1.Financial asset held for trading	694,355,055.87	6,500,879,422.66	359,125,057.99	7,554,359,536.52
(1) Stock	694,355,055.87		359,125,057.99	1,053,480,113.86
(2) Funds		6,500,879,422.66		6,500,879,422.66
(3) Financial product				
(4) Others				
2.Financial liabilities designated at fair value through profit or loss			405,296,827.94	405,296,827.94
(1) Debt instrument investment				-
(2) Equity instrument investment			405,296,827.94	405,296,827.94
Derivative Financial Assets	886,839.00			886,839.00
3.Available-for-sale financial assets	5,412,603,204.45	13,786,987,098.29	5,842,805,723.59	25,042,396,026.33
(1) Stock	1,078,651,079.16		1,254,955,838.40	2,333,606,917.56
(2) Bond	4,209,956,349.32	5,408,611,894.62		9,618,568,243.94
(3) Fund	123,995,775.97	1,468,386,777.53		1,592,382,553.50

Item	Fair value at the year end			
	Fair value measurement at level 1 input	Fair value measurement at level 2 input	Fair value measurement at level 3 input	Total
(4) Asset management product		3,009,304,828.82		3,009,304,828.82
(5) Trust product			4,295,654,343.10	4,295,654,343.10
(6) Others		3,900,683,597.32	292,195,542.09	4,192,879,139.41
Total assets measured at fair value on a recurring basis	6,107,845,099.32	20,287,866,520.95	6,607,227,609.52	33,002,939,229.79
Derivative Financial Liabilities	603,540.00		1,574,345.93	2,177,885.93
Total liabilities measured at fair value on a recurring basis	603,540.00		1,574,345.93	2,177,885.93

Level 1 inputs are quoted price(unadjusted)in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 input are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

10.2Measurement basis of market value by recurring and non-recurring Level 1 fair value

In the active markets, for the financial asset and liabilities, available for sale financial asset measured at fair value and the change through profit and loss categories, their fair value will identify by the quoted price in the balance sheet day.

10.3Measurement by recurring and non-recurring Level 2 fair value, using valuation techniques and significant qualitative/quantitative information

Item	Fair value	Valuation techniques	Significant observation input value
Bonds	5,408,611,894.62	Discounted cash flow	Bond yields
Funds	7,969,266,200.19	Market price combination method	Investment target market and the relevant expenses
Others	6,909,988,426.14	Market price combination method	Investment target market and the relevant expenses

10.4Measurement by recurring and non-recurring Level 3 fair value, using valuation techniques and significant qualitative/quantitative information

Item	Fair value	Valuation techniques	Significant observation input value	Rnage interval （weighted average）
Stocks	2,019,377,724.33	Market price combination method	Lack of liquidity discount	More discounted, lower fair value
Others	4,587,849,885.19	Discounted cash flow	Lack of estimates of future cash flows	Lower future cash flows, lower fair value

10.5Measurement of recurring fair value: conversion between all level in current period, reasons of conversion and conversion date policy.

There is not significant conversion between level 1 and level 2 measurement of fair value. The total financial asset converted from level 3 to level 1 is 18,128,055.01 yuan. The main reason is the limited circulation from prior years.

10.6Fair value of financial assets and financial liabilities, not measured by fair value

The Company holds several private equities with no controlling, joint controlling or significant effects. The total number of the equities are 175,090,000 yuan. This should be measured by cost instead of fair value since fair value cannot be reliable at this circumstance.

11.RELATED PARTY AND RELATED PARTY TRANSACTIONS

11.1Details of the parent company

Name of Parent company	Relationship	Business type	Place of registration	Legal person	Business nature
China Orient Asset Management Corporation	Control	Wholly Country-owned	Fuchengmen Street, Xicheng Distrct, Beijing	Ziai Zhang	Bad assets management

(Continued)

Parent company name	Registered capital	Percentage of shareholding（%）	Percentage of voting rights（%）	Ultimate control party	Organization code
China Orient Asset Management Corporation	10 billion	58.09	58.09	China Orient Asset Management Corporation	71092545-4

11.2Information on the subsidiary of the Company

See detailed in Note 8.1. Equity in subsidiary

11.3Other related parties

Name of related party	Relationship with the Company
Shanghai Ruifeng International Properties Co., Ltd	Under control of same parent
Shanghai Dongxing Investment Holdings Development Co., Ltd	Under control of same parent company

Zhejiang Rongda Business Management Co., Ltd	Under control of same parent
China United Insurance Holding Company	Under control of same parent
Bangxin Asset Management Co., Ltd	Under control of same parent
Golden Credit Rating International Co., Ltd	Under control of same parent
Dong Yin Development (Holdings) Ltd	Under control of same parent
Beijing Dongfubaoshi investment management center (limited partnership	Under control of same ultimate partent
China Orient asset management (international) holding co., Ltd	Under control of same ultimate partent
China United Insurance Holding Company	Under control of same ultimate partent
Dong Yin industrial (Shenzhen) co., Ltd	Under control of same ultimate partent
Shenzhen East small and micro win investment management partnership	Under control of same ultimate partent
Shenzhen Qianhai East Oriental venture Finance Holding Ltd	Under control of same ultimate partent
Beijing Oriental Jing Chang Investment Management Center (limited partnership)	Under control of same ultimate partent
Zhuhai Oriental Zhao Xiang Investment Management Center (limited partnership)	Under control of same ultimate partent
Beijing Donying Rongtai Investment Management Co., Ltd	Under control of same ultimate partent
Beijing Dongfu Guochuang Investment Management Center	Under control of same ultimate partent
Beijing Dongfu Tianheng Investment Center	Under control of same ultimate partent
China Foreign Trade Financial Leasing Co.	Undre significant effect of same parent company

Daye Trust Co., Ltd	Undre significant effect of same parent company

11.4Pricing policy

The company's related party transactions are at market prices as a pricing basis.

11.5Related party transactions

(1)Provide labor services to related parties

Related party	Current year			Prior year		
	Transactions	Amount	Percentage (%)	Transactions	Amount	Percentage (%)
China Orient Asset Management Corporation	Finanfial consulting service	3,400,000.00	1.11	Finanfial consulting service	3,582,972.22	2.20
	Asset management service	70,315,931.40	14.15	Asset management service	24,185,605.13	11.69
	Investment consulting service	100,000.00	0.36	Investment consulting service	50,000.00	0.27
China Orient Asset Management Corporation	Acting sale of securities	1,164,395.83	0.04	Acting sale of securities	1,719,267.80	0.17
				Securities underwriting business	2,553,400.00	3.95
China Orient asset	Investment consulting	4,796,000.34	17.19			

management (international) holding co., Ltd	service					
	Acting sale of securities	1,084,265.19	0.04	Acting sale of securities	636,947.46	0.06
				Asset management service	756,250.00	0.37
Daye Trust Co., Ltd	Financialconsulting service	40,886.50	0.01	Financialconsulting service	5,033,123.39	3.09
	Acting sale of financial products	4,537,529.40	11.25	Acting sale of financial products	1,764,438.85	13.32
	Asset management service	25,205.48	0.01	Asset management service	639,560.64	0.31
Beijing Dongfubaoshi investment management center (limited partnership	Asset management service	3,462,101.55	0.70	Asset management service	4,033,155.41	1.95
China Foreign Trade Financial Leasing Co.	Financialconsulting service	2,499,999.00	0.82	Financialconsulting service	1,166,666.00	0.72
Bangxin Asset Management Co., Ltd	Asset management service	177,884.83	0.04	Asset management service	106,549.10	0.05
	Financialconsulting	948.33	0.00	Financialconsulting	42,324.72	0.03

	service			service		
				Securities underwriting business	864,200.00	1.34
China Foreign Trade Financial Leasing Co.	Asset management service	11,188,368.19	2.25			
Dong Yin industrial (Shenzhen) co., Ltd	Asset management service	5,225,166.67	1.05			
	Financialconsulting service	145,833.33	0.05			
Dong Yin Development (Holdings) Ltd				Investment consulting service	550,000.00	2.96
				Financial consulting service	200,000.00	0.12
China United Insurance Holding Company	Securities underwriting business	1,831,626.60	0.06	Securities underwriting business	163,959.23	0.02
Shenzhen East small and micro win investment management partnership	Asset management service	41,702.78	0.01			
Shenzhen East small and	Asset manageme	2,788,194.45	0.56			

micro win investment management partnership	nt service					
Beijing Oriental Jing Chang Investment Management Center (limited partnership)	Asset management service	398,888.88	0.08			
Zhuhai Oriental Zhao Xiang Investment Management Center (limited partnership)	Asset management service	245,986.12	0.05			
Beijing Dongfu Guochuang Investment Management Center	Securities underwriting business	53,511.56	0.00			
Beijing Dongfu Guochuang Investment Management Center	Securities underwriting business	178,701.89	0.01	Securities underwriting business	886,502.76	0.09

(2)Accept related party to sell rights of use of the assets

Related party	Current year			Prior year		
	Transactions	Amount	Percentage	Transactions	Amount	Percentage

			(%)			(%)
Shanghai Ruifeng International Properties Co., Ltd	Rent and property management fee	5,964,182.28	5.97	Rent and property management fee	4,032,178.00	4.82
China Orient Asset Management Corporation	Rent and property management fee	1,624,581.21	1.63	Rent and property management fee	1,624,581.21	1.99
	Interest from borroing (Note1)	267,978,874.60	86.89	Interest from borroing	285,975,000.01	98.84
	Interest expense from subordinate liabilities(Note2)	19,500,000.00	6.22	Interest from subordinate liabilities	19,500,000.00	20.95
China United Insurance Holding Company	Consulting fee expenses	1,137,206.30	4.05			
China United Insurance Holding Company	Interest from sold for repurchase of financial assets(Note 3)	27,991,233.00	4.32			
	Cars and assets	558,949.95	11.49	Cars and assets	451,350.41	8.20

	insurance			insurance		
	Rent and property management fee	1,101,672.00	1.10	Rent and property management fee	1,101,672.00	1.32
Golden Credit Rating International Co., Ltd	Consulting fee expenses	2,526,123.00	8.99			
Dong Yin Development (Holdings) Ltd				Rent and property management fee	722,434.72	0.86

Note 1: Loan interest is the interest payment that Dongxing Securities Investment Co., Ltd, subsidiary of the Company, pay to the lender China Orient Asset Management Corporation. See detail in Note 6.18(1).

Note 2: Interest expense from subordinate liability

China Orient Asset Management Corporation bought from the Company, No. 13 Dongxing 01 level subordinate bond. See details in Note. 6. 26.

Note 3: Interest expense from sold for repurchase of financial assets arises from No. 45 usufruct products bought by China United Insurance Holding Company through the Pacific Reliance.

(3)Related party joint-investment

①In 2015, the Company has no increase in joint-investment activities. The company and the controlling company, China Orient Asset Management Corporation, have the joint investment of collective asset management plans to the total size of 4,284 billion.

The Company invested 2,543 billion in the collective asset management plan, subscribed as preferred share. China Orient Asset Management Corporation invested 17.41 bilion, subscribed as posterior share. In this collective assets management plan, the Company has its own fund of 44,140,800 yuan, subscribed as posterior share of the collective asset management plan.

Up until 31 December 2015,the total size of the join investment of the company and China Orient Asset Management Corporation amounted to 2,038 billion. The Company invested 966 billion in the collective asset management plan, subscribed as posterior shares. The self-owned fund in this investment is 214,400 yuan as posterior shares. The earning of self-owned fund is 23,219,700 yuan. Performance based compensation is 22,505,700 yuan.

② In 2013, Dongxing Investment and China Orient Asset Management Corporation bought No. 4 special asset management plan together, (hereinafter refer as the Jinyuan Huili Plan) middle-class shares. Dongxing Investment and China Orient Asset Management Corporation have 3,000 billion for each. According to the contract, the net earning of Jinyuan Huili Plan, after distributing the earning to the priority beneficiary, residual earning will all be distriuted to middle-class shares beneficiaty based on certain percentage. In 2014 and 2015, Donxing investment earned 32,471,000 yuan and 16,815,100 yuan respectively through Jinyuan Huili Plan.

③ Shanghai Dongxing Investment Holdings Development Co., Ltd, Shanghai Dongxing Capital Co, Ltd, Shanghai DongCeSheng and Shenzhen Qianhai East Oriental venture Finance Holding Ltd jointly subsctibed shares of Shihezi Dongxing Bofa Equity Investment (LLP). Dongxing Investment and Dongxing Capital subsctibed middle-class shares of 45,000,000 yuan and 34,500,000 respectively. Shanghai DongCeSheng subscribed ordinary shares of 500,000 yuan. Shenzhen Qianhai East Oriental venture Finance Holding Ltd subscribed preferred shares of 300,000,000 yuan. In 2015, Dongxing Investment, Dongxing Capital and Shanghai DongCeSheng have not earned any income from the partnership countries.

(4)Other related party transactions

①The Company incorporated collective plans into the consolidate scope.The Company purchase through assets management products 1,197,143,500 yuan rights of earning from the related party of the Company, Shenzhen Qianhai East Oriental venture Finance Holding Ltd.

②Dongxing Hong Kong subscribed 23,958,613 HKD of newly-issued shares of China orient international finance Co., Ltd. The company has held 70% percentage of shares after this transaction.

11.6Related party receivables/payables

Item	Related pary	Closing balance		Opening balance	
		Amount	Percentage (%)	Amount	Percentage (%)
Account receivables	China Orient Asset Management Corporation	369,837.54	0.39	426,631.68	0.95
	Shanghai Ruifeng International Properties Co., Ltd	1,815,110.58	1.91	1,293,016.08	2.89
	Total	2,184,948.12	2.29	1,719,647.76	3.84
Interest payable	China Orient Asset Management Corporation	9,395,960.72	1.50	10,174,863.01	8.39
	China United	795,616.00	0.13		

	Insurance Holding Company				
	Total	10,191,576.72	1.63	10,174,863.01	8.39
Short-term loan	China Orient Asset Management Corporation	4,017,722,034.00	100.00	4,530,000,000.00	90.06
	Total	4,017,722,034.00	100.00	4,530,000,000.00	90.06
Bonds payable	China Orient Asset Management Corporation	300,000,000.00	2.46	300,000,000.00	15.00
	Total	300,000,000.00	2.46	300,000,000.00	15.00
Account payables	China Orient asset management (international) holding co., Ltd	13,395,380.79	4.60		
	Total	13,395,380.79	4.60		
Fees for: Sold for repurchase of financial assets	China United Insurance Holding Company	400,000,000.00	2.54		
	Total	400,000,000.00	2.54		
Fees for: Securities underwriting	China Orient Asset Management Corporation	206,384,973.63	1.29	16,940.34	0.00
	Total	206,384,973.63	1.29	16,940.34	0.00

Note: The surbodinate liability is mainly the borrowing from surbodinate bonds issued by China Orient Asset Management Corporation.

12.Share-based payment

Up until the end of 2015, there is no disclosure of share-based payment of the Company.

13.COMMITMENTS AND CONTINGENCIES

13.1Commitments

As at the end of reporting period, the total future minimum lease payments payable under non-cancellable operating leases are as follows

	Closing balance	Opening balance
Within 1 year (inclusive)	77,790,663.55	58,530,057.46
1 - 2 years (inclusive)	68,334,363.24	53,999,668.78
2 - 3 years (inclusive)	36,847,057.98	46,584,441.24
After 3 years	33,779,966.17	52,662,066.04
Total	216,752,050.94	211,776,233.52

13.2Contingencies

As at 31st December 2015, the Company has subscribed 17,260,000.00 units of Dongxing Jinxuan Ruixin Collective Asset Management Plan No.8 (“Ruixin No.8”), a plan managed by the Company itself. The units the Company subscribed has a book value totaled RMB 15,302,716.00 as at the end of the reporting period. According to the declaration of Ruixin No.8, for grantors subscribed the plan during introduction stage, when applicable, e.g. on subscription day or termination day in the event of early termination, the Company shall compensate corresponding grantors with the funds invested by the Company in that plan. The Company's provision for compensation for Ruixin No.8 can therefore be calculated by multiplying the estimated number of unit customers holding on the coming subscription day, by losses per unit at the end of the reporting period, which adds up to RMB 17,615,962.20. Since subscription days for Ruixin No.8 were held once a year since the day of issuance, the number of unit customers holding on the upcoming subscription day is equal to the number of unit customers holding as at 31st December 2015. According to the declaration, the total amount of compensation paid shall not exceed the total amount of funds invested by the manager of that plan, meaning that the Company's compensation provision for Ruixin No.8 should be booked as RMB 15,302,716.00.

Except above, the Company has no other contingencies.

14.EVENT AFTER THE END OF REPORTING PERIOD

14.1 The Company has issued the 2016 Dongxing Securities Company Limited Corporation bond ("Dongxing Bond 16") carrying an amount of RMB 2,800,000,000.00 with a maturity of five years and a coupon rate of 3.03%, on 13th January 2016. Dongxin Bond 16 comes with issuer's option to increase the coupon rate at the end of third year and investor redemption option.

14.2 The 20th meeting of the third session of the Board, held by the Company on 22nd September 2015, reviewed and approved the Proposal on Dongxing Securities (Hong Kong) Holding Limited ("Dongxing Hong Kong")'s subscription of newly issued shares of China Orient International Finance Co., Ltd ("China Orient Finance"), a corporation wholly owned by the Company's related party China Orient Asset Management (International) Holding co., Ltd's at HKD 23,958,613.00. After the transaction, shares held by Dongxing Hong Kong represents 70% of total share capital of China Orient Finance. Dongxing

Hong Kong obtained the approval from Securities and Futures Comission of Hong Kong ("SFC") after the end of reporting period to become China Orient Finance's principal shareholder.

14.3Profit distribution

According to the profit distribution plan of the Company for 2015, the Company distributed cash dividend of RMB 2.50 per 10 shares (tax inclusive) to all the holders of A shares based on the total share capital of 2,504,000,000 shares as at the end of reporting period, with an aggregate amount of RMB 626,000,000.00. Undistributed profit will be carried forward for future distribution. The resolution will be escalated for approval at the annual general meeting of the Company and distributed after approved. Cash dividend that recommended after the end of reporting period is not recognized as debt in 2015 financial statements.

15.OTHER SIGNIFICANT EVENTS

As at 31st December 2015, the Company does not have other significant events that requires disclosure.

16.NOTES TO THE FINANCIAL STATEMENT

16.1Long-term equity investments

(1)Breakdown of long-term equity investments

Item	Opening Balance	Increase during the year	Decrease during the year	Closing Balance
Investments in Subsidiaries	738,306,355.56			738,306,355.56
Total	738,306,355.56			738,306,355.56

(2)Investments in subsidiaries

Investees	Initial Investment	Opening Balance	Increases during the year	Decreases During the year	Closing Balance	Shareholding Percentage (%)
Dongxing Futures Co., Ltd	338,306,355.56	338,306,355.56			338,306,355.56	100.00
Dongxing Securities Investment Co., Ltd	300,000,000.00	300,000,000.00			300,000,000.00	100.00
Dongxing Capital Investment Management Co., Ltd	100,000,000.00	100,000,000.00			100,000,000.00	100.00
Total	738,306,355.56	738,306,355.56			738,306,355.56	

16.2Net commission and fee income

(1)Breakfown of net commission and fee income

Item	2015	2014
Commission and fee income		
(1) Brokerage service income	3,037,435,410.52	1,220,234,022.77
of which：Agency securities business	2,872,258,447.65	1,133,917,248.16
Trading unit seat leasing	124,856,357.79	73,071,851.11
Financial product business on a consignment basis	40,320,605.08	13,244,923.50
(2) Investment banking business income	609,962,022.80	228,053,421.61
of which：Securities underwriting	392,967,802.97	64,787,276.03
Securities Sponsorship	2,600,000.00	600,000.00
Financial advisory	214,394,219.83	162,666,145.58

(3) Asset management income	531,240,845.82	206,849,664.67
(4) Investment consultant income	21,041,520.18	27,576,731.30
(5)Others	243,557.97	546,758.89
Commission and fee income subtotal:	**4,199,923,357.29**	**1,683,260,599.24**
Commission and fee expense		
(1) Brokerage service expense	621,220,073.79	199,912,655.44
of which：Agency securities business	621,220,073.79	199,912,655.44
Trading unit seat leasing		
Financial product business on a consignment basis		
(2) Investment banking business expense	90,000.00	165,000.00
of which：Securities underwriting	90,000.00	165,000.00
Securities Sponsorship		
Financial advisory		
(3) Asset management expense		
(4) Investment consultancy expense		
(5)Others	4,686,384.95	2,557,327.74
Commission and fee expense subtotal	**625,996,458.74**	**202,634,983.18**
Net commission and fee income	**3,573,926,898.55**	**1,480,625,616.06**
of which：Net financial advisory fee income	214,394,219.83	162,666,145.58
—Net merge and reconstructure advisory income – Domestic listed company	9,000,000.00	
— Net merge and reconstructure		

advisory income – Others		
— Net financing advisory income	111,975,440.00	110,430,095.28
— Net other financial advisory income	93,418,779.83	52,236,050.30

Of which: Agency sales of financial products

	2015		2014	
	Total sales amount	Total sales	Total sales amount	Total sales
Fund	12,882,587,968.51	26,362,733.66	770,919,362.01	5,144,395.32
Trust	705,920,800.00	12,163,251.85	1,230,100,000.00	8,100,528.18
Asset management plans	223,180,000.00	1,794,619.57		
Total:	13,811,688,768.51	40,320,605.08	2,001,019,362.01	13,244,923.50

Of which: Assets management

	Public offering of fund management	Collective asset management	Specified asset management	Special asset management
Number of products as of 2015-12-31	2	52	102	1
Number of customers as of 2015-12-31	5,632	23,564	102	7
of which：Individual customers	5,629	23,417	3	
Institutional customers	3	147	99	7
Entrusted scales as at 2014-12-31		8,593,168,382.53	41,634,154,327.51	
of which：Investment of		994,845,153.07		

own fund				
Individual customers		5,836,567,613.84	100,000,000.00	
Institutional customers		1,761,755,615.62	41,534,154,327.51	
Entrusted scales as at 2015-12-31	472,434,058.92	21,890,940,242.67	37,643,572,256.01	500,000,000.00
of which：Investment of own fund	27,998,000.00	2,183,609,903.57		
Individual customers	444,337,242.69	10,892,205,229.38	110,000,000.00	
Institutional customers	98,816.23	8,815,125,109.72	37,533,572,256.01	500,000,000.00
Initial cost of significant assets entrusted as at 2015-12-31	315,734,161.75	19,819,320,130.53	37,907,181,004.01	500,000,000.00
of which：Stock	245,392,764.49	325,278,901.44	855,846,320.03	
National bonds	10,022,000.00			
Other bonds	60,319,397.26	2,335,629,994.66	534,237,435.00	
Funds		3,911,007,173.42	600,322,539.72	
Other investment products		13,247,404,061.01	35,916,774,709.26	500,000,000.00
Net assets management income in 2015	1,539,828.67	420,027,943.80	109,623,073.35	50,000.00

16.3Net interest income

	2015	2014
Interest income	**1,870,143,373.15**	**742,930,553.10**
Interest income due from banks and other financial institutions	433,326,828.28	186,660,006.41
of which：Interest income from own fund	102,322,403.31	30,882,373.13
Interest income from customer’s fund	331,004,424.97	155,777,633.28
Interest income from margin financing and securities lending	1,282,664,672.16	415,724,150.63
Interest income from financial assets held under resale agreements	154,151,872.71	140,546,396.06
of which：Agree to buy back interest income	21,923.96	265,622.30
Interest income from securities repurchase transaction	77,523,690.37	40,512,964.27
Interest income from inter-bank lending		
Interest expense	**1,617,014,000.10**	**452,435,599.05**
Interest expenses due to customer’s fund	69,481,614.89	23,068,010.07
Interest expenses on financial assets sold under repurchase agreements	647,586,041.84	212,381,295.87
of which：Interest expense on dealer-quoted repurchase		
Interest expenses on short-term loans	135,578,851.45	52,724,482.32
Interest expenses on inter-bank funding	102,787,112.03	33,785,959.82
of which：Interest expense on margin and securities refinancing	55,287,819.55	70,373,164.58

Interest expenses on short-term debt instruments issued	393,713,801.64	794,188.80
Interest expense on subordinated bonds	313,530,972.99	93,058,561.44
Others	1,834,897.74	35,895.97
Net interest income	**253,129,373.05**	**290,494,954.05**

16.4Investment gain

	2015	2014
Investment gain recognized using cost method		135,000,000.00
Gain from financial instruments	1,578,239,592.09	465,948,582.73
of which：Holding gains	1,003,905,988.38	186,796,151.61
- Financial assets at fair value through profit or loss	59,373,510.40	6,899,360.56
- Available-for-sale financial assets	944,532,477.98	179,896,791.05
Gains from disposal of financial instruments	574,333,603.71	279,152,431.12
- Financial assets at fair value through profit or loss	335,773,710.89	123,528,555.54
- Available-for-sale financial assets	257,267,235.22	196,935,997.10
- Derivative financial instruments	-18,707,342.40	-41,312,121.52
- Financial debts at fair value through profit or loss		
Total	1,578,239,592.09	600,948,582.73

16.5Gains from change in fair value

	2015	2014
Financial assets at fair value through profit or loss	122,172,265.11	-6,078,668.86
Financial debts at fair value through profit or loss		
Derivative financial instruments	-1,232,225.93	
Total	120,940,039.18	-6,078,668.86

16.6Other incomes

	2015	2014
Rental income	1,815,533.94	947,956.67
Others	50,999.62	81,777.38
Total	1,866,533.56	1,029,734.05

16.7Impairment losses

	2015	2014
Bad debt provision	9,282,114.37	
Priovision for fund lending	19,086,909.71	45,982,575.09
Priovision for securities repurchase transaction	1,858,432.68	2,960,239.00
Priovision for available-for-sale financial assets	67,452,290.77	
Total	97,679,747.53	48,942,814.09

16.8Supplement to cash flow statement

(1)Reconciliation of net profit to cash flows from operating activities

	2015	2014
1、Reconciliation of net profit to cash flows from operating activities		
Net profits	2,294,352,764.72	949,360,387.50
Add: Provision for impairment	97,679,747.53	48,942,814.09
Depreciation of fix assets	30,441,780.00	28,589,981.51
Amortisation of intangible assets	16,332,828.23	9,498,058.87

Amortisation of long-term deferred expenses	7,221,680.35	8,236,790.44
(Gain)/losses on disposal of fix assets, intangible assets, and other long-term assets	-103,351.04	-201,791.69
(Gain)/losses on change in fair value	-120,940,039.18	6,078,668.86
Interest (income)/expense	762,532,594.18	164,225,914.82
Exchange (gain)/loss	-600,220.96	-33,475.76
Investment (gain)/loss	-1,201,799,713.20	-511,832,788.15
(Increase)/decrease in financial assets at fair value through profit and loss	-5,116,578,310.23	-358,721.94
(Increase)/decrease in deferred income tax assets	-168,662,472.08	159,808,033.24
Increase/(decrease) in deferred income tax liabilities	29,642,838.33	-46,365,802.64
(Increase)/decrease in operating receivable	-6,971,736,644.37	-7,765,889,963.83
Increase/(decrease) in operating payable	11,158,786,828.52	15,072,631,608.90
Others		
Net cash flow from operating activities	816,570,310.80	8,122,689,714.22
2、Investing and financing activities not requiring the use of cash or cash equivalents		
Conversion of debt into capital		
Convertible bonds matured within a year		
Fix assets financed by leasing		
3、Change in cash and cash equivalents		
Cash at the end of the period	18,110,668,499.16	13,127,957,713.32
Less: Cash at the beginning of the period	13,127,957,713.32	5,034,867,805.84
Add: Cash equivalents at the end of the period	-	
Less: Cash equivalents at the beginning of the period	-	
Net increase in cash and cash equivalents	4,982,710,785.84	8,093,089,907.48

(1)Cash and cash equivalents held by the Company

	Closing balance	Opening balance
Cash at bank and on hand	18,110,668,499.16	13,127,957,713.32
of which: Cash on hand	52,483.92	33,187.49
Bank deposits available on demand	12,195,630,131.69	9,178,343,404.59

Other monetary fund available on demand	900,000.00	
Settlement reserves	5,914,085,883.55	3,949,581,121.24
Cash equivalents		
of which: Bonds investment with a maturity of 3 months or less		
Cash and Cash equivalents at the end of reporting period	18,110,668,499.16	13,127,957,713.32

17.SUPPLEMENTS

17.1Breakdown of non-recurring gains or losses

RMB

Item	2015	2014
Gain/(losses) on disposal of non-current assets	1,883,185.84	201,791.69
Non-recurring tax breaks and rebates		
Govermental subsidy through profit or loss (excluding subsidies closely associated with the Company's business and given out by setting quotas or quantities based on national standard)	1,651,660.00	50,914,588.23
Fund possession cost received from non-financial enterprises through profit or loss		
For investments in subsidiaries, associates and joint ventures, in the case of the cost of investments is less than initial investment, profits generated by the fair value of investee's identifieable net assets should be recognized as profit of the Company		
Profit or loss of a non-monetary assets transaction		
Profit or loss of entrusted investments and assets by third parties		
Provision for impairments due to force majeure, e.g. natural hazards		
Profit or loss of debt restructuring		
Reconsturction expenses, e.g. staff resettlement costs, integration costs		

Profit or loss of the differences between fair value and the actual transaction price if inconsistency occurs		
Net profit generated from the beginning of reporting period to combining date by subsidiaries under common control		
Profit or loss generated inrrelevant to the Company's operation		
Profit or loss of change in fair values of financial assets and debts held for trading and disposal of financial assets and debts held for trading and available-for-sale financial assets excluding effective hedging operations associated with the Company's operation		
Returns of provision for impairments of accounts receivables tested for impairments seperatly		
Profit or loss of entrusted loans		
Profit or loss of change in fair values of investment properties recognized in fair values subsequently		
Adjustments on profit or loss based on tax and accouting law and regulations		
Brokerage income from trust management		
Other non operating income and expense in addition to the above	-3,864,461.71	1,831,623.05
Others		
Subtotal	-329,615.87	52,948,002.97
Influences on income tax	-82,501.94	13,235,873.28

Influences on minority interests (after tax)		
Total	-247,113.93	39,712,129.69

Note: For item listed above, "+" refers to income and gains, and "-" refers to expense and loss.

Note: Since financial assets held for trading and available-for-sale financial assets are involved in the Company's operating activities, item listed as non-recurring gains or losses in the Notice on Instructions for Information Disclosure by Listed Companies No.1-Non-recurring Gains or Losses, including profit or loss of change in fair values of financial assets and debts held for trading and profit or loss of disposal of financial assets and debts held for trading and available-for-sale financial assets, are listed as recurring gains or losses in the statement.

17.2Return on net assets and earnings per share

Profits for the reporting period	Reporting period	Weighted average return on net assets (%)	Earnings per share (RMB per share)	
			Basic earnings per share	Diluted earnings per share
Net profit attribute to shareholders of ordinary shares of the Company	Current year	17.03	0.844	0.844
	Last year	15.43	0.519	0.519
Net profit attribute to shareholders of ordinary shares of the Company, net of non-recurring gains or losses	Current year	17.03	0.844	0.844
	Last year	14.84	0.499	0.499

17.3Analysis of significant fluctuations of main item in consolidated financial statement

(1)Analysis of significant fluctuations of main item in consolidated financial position

Analysis of item in consolidated financial position accounts for over 5% of total assets, at the same time with a year-on-year change over 30% as at 31 December 2015 and 31 December 2014.

Item	As of 2014-12-31	As of 2013-12-31	Percentage difference (%)	Note
Clearing settlement funds	5,922,863,756.41	3,921,387,251.22	51.04	1
Margin accounts	12,948,827,474.95	9,150,532,442.14	41.51	2
Financial assets at fair value through profit or loss	7,959,656,364.46	1,190,329,175.91	568.69	3
Financial assets held under resale agreements	6,386,896,155.46	3,401,252,304.87	87.78	4
Available-for-sale financial assets	25,217,486,026.33	12,740,365,358.83	97.93	5
Financial assets sold under repurchase agreements	15,750,389,225.53	10,347,391,368.92	52.22	6
Angency Securities	16,020,750,112.86	10,823,434,987.03	48.02	7

Bonds payable	12,200,000,000.00	2,000,000,000.00	510.00	8
Other liabilities	4,716,706,212.49	1,912,863,269.41	146.58	9

1. Clearing settlement funds has increased by 51.04% over the reporting period, mainly due to the fluctuation in customer's transcation settlement funds caused by changes in market environment.

2. Margin accounts has increased by 41.51% over the reporting period, due to significant growth of the scales of the Company's margin refinancing and securities lending business during the period.

3. Financial assets at fair value through profit or loss has increased by 568.69% over the reporting period, due to increase in the scale of investment.

4. Financial assets held under resale agreements has increased by 87.78% over the reporting period, mainly due to the increase in bonds held under reverse-repurchase agreements.

5. Available-for-sale financial assets has increased by 97.93% over the reporting period, mainly due to the increase in the scale of investment.

6. Financial assets sold under repurchase agreements has increased by 52.22% over the reporting period, mainly due to the increase in the scale of capital refinancing through repurchase services.

7. Angency Securities brokerage service has increased by 48.02% over the reporting

period, mainly due to the increase in customer's funds.

8. Bonds payable has increased by 510.00% over the reporting period, due to the increase in number of bonds issued during the year.

9. Other liabilities has increased by 146.58% over the reporting period, due to the increase in equity payable to shareholders of entity with special purpose.

(2)Analysis of significant fluctuations of main item in consolidated income statement

Analysis of item in consolidated income statement accounts for over 10% of total profit, at the same time with a year-on-year change over 30% as at 31 December 2015 and 31 December 2014.

Item	2015	2014	Percentage difference (%)	Note
Net brokerage service income	2,440,866,581.99	1,042,998,796.54	134.02	10
Net investment banking business income	701,344,779.80	227,872,892.35	207.78	11
Net assets management income	496,835,142.40	187,212,315.00	165.39	12
Net interest income	-319,399,231.37	-94,652,229.37	-237.45	13
Investment gains	1,897,024,328.94	1,219,446,101.18		14

			55.56	
Business tax and surcharges	350,380,765.52	156,606,366.48	123.73	15
General and administration expense	2,276,801,361.54	1,122,412,792.88	102.85	16
Income tax expense	484,484,032.95	279,072,461.66	73.61	17

10. Net brokerage service income has increase by 134.02% in 2015 compared to that in 2014, mainly due to the rise in market trading volume and the expansion of the scope of margin financing and securities lending business of the company.

11. Net investment banking income has increase by 207.78% in 2015 compared to that in 2014, mainly due to the rise in trading volume of securities underwriting and financial advisory business.

12. Net assets management income has increase by 165.39% in 2015 compared to that in 2014, mainly due to the expansion of assets management business.

13. Net interest expense has increase by 237.45% in 2015 compared to that in 2014, mainly due to the increase in inter-bank financing, repurchases, bonds, subordinated bonds and depository receipts business.

14. Investment gains has increase by 55.56% in 2015 compared to that in 2014, mainly due to the increase in investment gains from financial assets.

15. Business tax and surcharges has increase by 123.73% in 2015 compared to that in 2014, mainly due to the increase in income.

16. General and Administration expense has increase by 102.85% in 2015 compared to that in 2014, due to the increase in the business scale.

17. Income tax expense has increase by 73.61% in 2015 compared to that in 2014, mainly due to the increase in operating income.

(3)Analysis of significant fluctuations of main item in consolidated cash flow statement

Analysis of item in consolidated cash flow statement with absolute value accounts for over 10% of amount of cash and cash equivalents, at the same time has a year-on-year change over 30% as at 31st December 2015 and 31st December 2014.

Item	2015	2014	Percentage difference (%)	Note
Net cash generated from interest, commission and fee income	6,087,460,661.06	2,466,076,216.20	146.85	18
Net cash in-flow generated from inter-bank financings		2,091,000,000.00	Net increase	19
Net cash out-flow generated from	1,087,000,000.00		Net decrease	19

inter-bank financings				
Net increase in cash generated from repurchases	2,416,336,923.34	6,148,424,881.55	-60.70	20
Net cash generated from other operating activities	3,168,638,701.53	1,935,501,414.69	63.71	21
Net cash generated from fund lending	3,817,381,942.52	6,259,866,324.64	-39.02	22
Net increase in cash invested in financial assets held for trading	6,318,861,007.76	120,879,308.29	5,127.41	23
Cash paid for interest, commission and fee expense	1,800,480,245.47	613,155,035.45	193.64	24
Cash paid to and for employees	1,088,577,356.15	568,555,574.49	91.46	25
Tax paid in cash	1,041,861,388.99	437,469,194.67	138.16	26
Cash invested	12,610,560,053.40	2,893,545,533.37	335.82	27
Cash received by absorption of investments	4,473,770,000.00	224,400.00	1,993,558.65	28
Cash received from bond issuance	18,800,000,000.00	7,140,000,000.00	163.31	29
Cash paid for distribution of dividends or profits,	960,300,301.20	407,960,671.23	135.39	30

or cash payments for interests				

18. Net cash generated from interest, commission and fee income has increased by 146.85% in 2015 compared to that in 2014, due to the rise in market trading volume and the expansion of the scope of margin financing and securities lending business of the company.

19. Net decreases in cash generated from inter-bank financings in 2014 compared to that in 2013 can be observed, mainly due to the decrease in capital borrowed from banks and China Securities Finance Co., Ltd.

20. Net cash generated from repurchases has reduced by 60.70% in 2015 compared to that in 2014, mainly due to the decrease in the scale of margin refinancing based on changes in the market environment.

21.Net cash generated from other operating activities has increased by 63.71% in 2015 compared to that in 2014, mainly due to the net cash inflow generated by customer subscribing targeted asset management plans and deposits received.

22.Net increases in cash generated from fund lendings have reduced by 39.02% in 2015 compared to that in 2014, mainly due to the decrease in the scale of the Company's margin financing and securities lending businesses results from change in the market environment.

23.Net increases in cash invested in available-for-sale financial assets have increased by 5,127.41% in 2015 compared to that in 2014, mainly due to the increase in the scale of investment.

24. Cash paid for interest, commission and fee expense has increased by 193.64% in 2015 compared to that in 2014, due to the increase in transaction and interest expense results from rise in market trading volume and the expansion of the margin financing and securities lending business.

25. Cash paid to and for employees has increased by 91.46% in 2015 compared to that in 2014, due to the rise in average payroll.

26. Tax paid in cash has increased by 138.16% in 2015 compared to that in 2014, mainly due to the increase in income.

27. Cash invested has increased by 335.82% in 2015 compared to that in 2014, mainly due to the increase in the scale of investment.

28. Cash received by absorption of investments has increased by 1,993,558.65% in 2015 compared to that in 2014, due to newly issued shares of the Company.

29. Cash received from bond issuance has increased by 163.31% in 2015 compared to that in 2014, mainly due to the increase in numbers of corporate bonds, short-term bonds, subordinated bonds and depository receipts the Company issued.

30. Cash paid for distribution of dividends or profits, or cash payment for interest has increased by 135.39% in 2015 compared to that in 2014, mainly due to the

distribution of profits during the reporting period.

Dongxing Securities Company Limited (Stamp) Legal representative

(Signature)

2016-3-4

瑞华会计师事务所
Ruihua
Certified Public Accountants

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Auditor's Report

Rui Hua Shen Zi [2015] No. 01030003

To the shareholders of Dongxing Securities Company Limited

We have audited the accompanying financial statements of Dongxing Securities Company Limited ("the Company"), which comprise the consolidated and company statement of financial position as at 31 December 2014, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company cash flow statement and the consolidated and company statement of changes in equity for the year then ended, and notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and company financial position of Dongxing Securities Company Limited as at December 31, 2014 and of the consolidated and company financial performance and cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

RuiHua Certified Public Accountants CICPA:

Beijing, China CICPA:

March 27, 2015

Consolidated Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	2014.12.31	2013.12.31
Assets:			
Cash and bank	6.1	10,442,052,523.10	4,798,844,673.87
Including: cash held on behalf of customers		7,340,316,522.16	4,022,527,655.52
Clearing settlement funds	6.2	3,921,387,251.22	937,451,920.94
Including: deposits held on behalf of customers		3,350,612,909.21	891,847,163.43
Due from bank and other financial institutions			
Margin accounts	6.3	9,150,532,442.14	2,936,648,692.59
Financial assets measured at fair value through profit or loss	6.4	1,190,329,175.91	955,472,558.11
Derivative financial assets	6.5		
Financial assets held under resale agreements	6.6	3,401,252,304.87	1,640,425,104.20
Accounts receivable	6.7	44,789,632.19	34,912,776.32
Interests receivable	6.8	202,723,070.68	113,255,562.85
Refundable deposits	6.9	1,017,329,540.19	427,025,452.90
Available-for-sale financial assets	6.10	12,740,365,358.83	9,390,968,824.35
Held-to-maturity investments			
Long-term equity investments	6.11		495,661.22
Investment properties			
Fixed assets	6.12	248,641,758.38	254,763,524.43
Construction in progress			
Intangible assets	6.13	21,818,138.95	13,912,454.04
Goodwill	6.14	20,000,000.00	20,000,000.00
Deferred tax assets	6.15	193,302,293.97	139,497,998.00
Other assets	6.16	12,625,179.99	12,107,914.90
Total assets		42,607,148,670.42	21,675,783,118.72

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	2014.12.31	2013.12.31
Liabilities:			
Short-term borrowing	6.18	5,030,000,000.00	5,130,000,000.00
Short-term financing instrument payables	6.19	1,000,000,000.00	1,020,000,000.00
Due to bank and other financial institutions	6.20	2,437,000,000.00	346,000,000.00
Financial liabilities measures at fair value through profit or loss			
Derivative financial liabilities			
Financial assets sold under repurchase agreements	6.21	10,347,391,368.92	2,432,089,047.70
Angency Securities	6.22	10,823,434,987.03	5,131,917,836.62
Funds payable to securities issuers	6.23		150,000,000.00
Employee benefits	6.24	684,266,219.99	519,811,811.53
Tax payable	6.25	135,944,490.53	81,261,864.67
Accounts payable	6.26	533,141,094.63	92,711,573.04
Interests payable	6.27	121,308,998.91	25,326,782.95
Accrued liabilities			
Long-term loans			
Bonds payable	6.28	2,000,000,000.00	660,000,000.00
Deferred tax liabilities	6.15	146,485,186.99	27,695,083.34
Other liabilities	6.29	1,912,863,269.41	6,366,431.93
Total liabilities		**35,171,835,616.41**	**15,623,180,431.78**
Equity			
Paid in capital	6.30	2,004,000,000.00	2,004,000,000.00
Capital reserve	6.31	1,324,750,000.00	1,324,750,000.00
Less: Treasury stock			
Other comprehensive income	6.32	423,897,335.02	82,009,084.19
Surplus reserve	6.33	394,995,164.76	300,059,126.01
General risk reserve	6.34	789,990,329.52	600,118,252.02
Undistributed profit	6.35	2,497,455,807.81	1,741,666,224.72
Exchange reserve			
Total equity attributable to owners of the parent		7,435,088,637.11	6,052,602,686.94
Non-controlling interests		224,416.90	
Total equity		**7,435,313,054.01**	**6,052,602,686.94**
Total liabilities and equity		**42,607,148,670.42**	**21,675,783,118.72**

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

2014

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	Current year	Prior year
1. Operating revenue		**2,597,774,148.38**	**2,033,866,487.14**
Net Commission and fee income	6.36	1,475,243,981.33	1,079,487,825.94
Including: Net fee income from brokerage		1,042,998,796.54	777,304,336.12
Net fee income from investment banking		227,872,892.35	188,821,865.75
Net fee income from asset management		187,212,315.00	109,983,461.05
Net interest income	6.37	-94,652,229.37	-122,489,201.06
Investment income/(losses)	6.38	1,219,446,101.18	1,093,655,443.17
Including: Investment income from associates and joint ventures			5,661.22
Gains/(loss) from changes in fair value	6.39	-3,541,504.57	-17,781,114.94
Foreign exchange gains/(losses)		33,475.76	-240,552.86
Other operating income	6.40	1,244,324.05	1,234,086.89
2. Operating expenses		**1,331,051,973.45**	**1,242,207,411.64**
Business tax and surcharges	6.41	156,606,366.48	127,452,456.39
General and administrative expenses	6.42	1,122,412,792.88	1,084,685,326.23
Impairment losses	6.43	52,032,814.09	30,069,629.02
Other operating expenses			
3. Operating profit/(loss)		1,266,722,174.93	791,659,075.50
Add: Non-operating income	6.44	54,964,535.17	34,121,516.66
Less:Non-operating expenses	6.45	2,016,532.20	1,211,284.24
4. Profit/(Loss) before tax		1,319,670,177.90	824,569,307.92
Less: Income tax expense	6.46	279,072,461.66	156,075,315.53
5. Net Profit/(Loss)		1,040,597,716.24	668,493,992.39
Attributable to : owners of the parent		1,040,597,699.34	668,493,992.39
Non-controlling interests		16.90	
6.Other comprehensive income, net of tax	6.47	341,888,250.83	15,115,035.58
(1) Items that may not be reclassified subsequently to profit or loss			
(2) Items that may be reclassified subsequently to profit or loss		341,888,250.83	15,115,035.58
1. Gains or losses arising from changes in the fair value of avaiable-for-sale financial assets		341,888,250.83	15,115,035.58
7.Total comprehensive income		1,382,485,967.07	683,609,027.97
Attributable to owners of the parent		1,382,485,950.17	683,609,027.97
Attributable to non-controlling interests		16.90	
8.Earnings per share	6.48		
(1) Basic earnings per share		0.519	0.334
(2) Diluted earnings per share		0.519	0.334

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Cash Flow Statement

2014

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	Current year	Prior year
1. Cash flows from operating activities:			
Net increase / (decrease) in disposing financial instruments measured at fair value through profit or loss			
Interest, fee and commission received		2,466,076,216.20	1,575,426,478.98
Net increase in due to banks and other financial institutions		2,091,000,000.00	346,000,000.00
Net increase in repurchase agreements		6,148,424,881.55	
Net increase in customer brokerage deposits		5,691,517,150.41	
Cash received from other operating activities	6.51	1,935,501,414.69	362,626,709.80
Total cash inflow from operating activities		18,332,519,662.85	2,284,053,188.78
Net increase / (decrease) in margin accounts		6,259,866,324.64	2,534,407,681.21
Net decrease in customer brokerage deposits			725,090,171.12
Net increase / (decrease) in investing in financial instruments measured at fair value through profit or loss		120,879,308.29	138,093,261.60
Net decrease in due to banks and other financial institutions			
Net decrease in repurchase agreements			217,067,580.70
Interest, fee and commission paid		613,155,035.45	263,429,574.27
Cash payments for employees		568,555,574.49	447,388,488.14
Tax expenses paid		437,469,194.67	295,875,911.68
Cash paid for other operating activities	6.51	1,051,026,854.65	312,910,392.69
Total cash outflow from operating activities		9,050,952,292.19	4,934,263,061.41
Net cash inflow / (outflow) from operating activities	6.52	9,281,567,370.66	-2,650,209,872.63
2. Cash flows from investing activities:			
Cash received from investment			
Dividend income received		1,070,541,292.60	963,922,296.93
Cash received from disposal of subsidiaries or other operating entities			2,000,000.00
Cash received from other investing activities	6.51	244,004.28	179,570.90
Total cash inflow from investing activities		1,070,785,296.88	966,101,867.83
Cash paid for investment		2,893,545,533.37	575,840,135.52
Acquisition of property and equipments, intangible assets and other long-term assets		53,391,159.19	32,849,988.27
Acquisition of subsidiaries and other operating entities			490,000.00
Cash paid for other investing activities			
Total cash outflow from investing activities		2,946,936,692.56	609,180,123.79
Net cash inflow / (outflow) from investing activities		-1,876,151,395.68	356,921,744.04
3.Cash flows from financing activities:			
Cash received from capital injection		224,400.00	
Including: capital injection into subsidiaries by non-controlling shareholders		224,400.00	
Cash received from loans		500,000,000.00	1,100,000,000.00
Cash received from bond issuance		7,140,000,000.00	2,280,000,000.00
Cash received from other financing activities	6.51	409,430,000.00	
Total cash inflow from financing activities		8,049,654,400.00	3,380,000,000.00
Cash paid for debt redemption		6,420,000,000.00	2,600,000,000.00
Dividend and interest paid		407,960,671.23	369,493,761.76
Including: Dividends paid to non-controlling shareholders			
Cash paid for other financing activities			
Total cash outflow from financing activities		6,827,960,671.23	2,969,493,761.76
Net cash inflow / (outflow) from financing activities		1,221,693,728.77	410,506,238.24
4.Effect of exchange rate fluctuation on cash and cash equivalents		33,475.76	-240,552.86
5.Net increase / (decrease) in cash and cash equivalents	6.52	8,627,143,179.51	-1,883,022,443.21
Add: Cash and cash equivalents at the beginning of the year	6.52	5,736,296,594.81	7,619,319,038.02
6.Cash and cash equivalents at the end of the year	6.52	14,363,439,774.32	5,736,296,594.81

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Consolidated Statement of Changes in Equity

2014

Prepared by: Dongxing Securities Company Limited

Unit: RMB

Current year

Items	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Exchange reserve	Others	Non-controlling interests	Total equity
	Attributable to the owner of parent										
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00		82,009,084.19	300,059,126.01	600,118,252.02	1,741,666,224.72				6,052,602,686.94
Add: Changes in accounting policies											
Correction to errors											
Others											
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00		82,009,084.19	300,059,126.01	600,118,252.02	1,741,666,224.72				6,052,602,686.94
3. Movement during the year (decrease denoted by "-")				341,888,250.83	94,936,038.75	189,872,077.50	755,789,583.09			224,416.90	1,382,710,367.07
(1) Total comprehensive income				341,888,250.83			1,040,597,699.34			16.90	1,382,485,967.07
(2) Increase / (decrase) in investments by shareholders										224,400.00	224,400.00
1. Ordinary stocks injected by shareholders										224,400.00	224,400.00
2.Capital injected by other equity instrument-holders											
3. Share-based payments to equity											
4. Others											
(3) Profits distribution					94,936,038.75	189,872,077.50	-284,808,116.25				
1. Surplus reserve					94,936,038.75		-94,936,038.75				
2. Provision for general risks						189,872,077.50	-189,872,077.50				
3. Distributions to shareholders											
4. Others											
(4) Internal transfers within equity											
1. From capital reserve to share capital											
2. From surplus reserve to share capital											
3. Surplus reserve to recover accumulated losses											
4. Others											
(5) Special reserve											
1. Extracted for this year											
2. Used during the year											
(6) Others											
4. Ending balance of this year	2,004,000,000.00	1,324,750,000.00		423,897,335.02	394,995,164.76	789,990,329.52	2,497,455,807.81			224,416.90	7,435,313,054.01

Prior year

Items	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Exchange reserve	Others	Non-controlling interests	Total equity
	Attributable to the owner of parent										
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00		66,894,048.61	241,827,404.39	483,654,808.78	1,247,867,397.19				5,368,993,658.97
Add: Changes in accounting policies											
Correction to errors											
Others											
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00		66,894,048.61	241,827,404.39	483,654,808.78	1,247,867,397.19				5,368,993,658.97
3. Movement during the year (decrease denoted by "-")				15,115,035.58	58,231,721.62	116,463,443.24	493,798,827.53				683,609,027.97
(1) Total comprehensive income				15,115,035.58			668,493,992.39				683,609,027.97
(2) Increase / (decrase) in investments by shareholders											
1. Ordinary stocks injected by shareholders											
2.Capital injected by other equity instrument-holders											
3. Share-based payments to equity											
4. Others											
(3) Profits distribution					58,231,721.62	116,463,443.24	-174,695,164.86				
1. Surplus reserve					58,231,721.62		-58,231,721.62				
2. Provision for general risks						116,463,443.24	-116,463,443.24				
3. Distributions to shareholders											
4. Others											
(4) Internal transfers within equity											
1. From capital reserve to share capital											
2. From surplus reserve to share capital											
3. Surplus reserve to recover accumulated losses											
4. Others											
(5) Special reserve											
1. Extracted for this year											
2. Used during the year											
(6) Others											
4. Ending balance of this year	2,004,000,000.00	1,324,750,000.00		82,009,084.19	300,059,126.01	600,118,252.02	1,741,666,224.72				6,052,602,686.94

The notes on pages 13 to 126 form part of these financial statements.

Legal representative : **Accounting-in-charge :** **Finance-in-charge :**

Company Level Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	2014.12.31	2013.12.31
Assets:			
Cash and bank		9,178,376,592.08	4,080,985,435.41
Including: cash held on behalf of customers		6,306,335,152.47	3,774,655,875.80
Clearing settlement funds		3,949,581,121.24	953,882,370.43
Including: deposits held on behalf of customers		3,350,612,909.21	891,847,163.43
Due from bank and other financial institutions			
Margin accounts		9,150,532,442.14	2,936,648,692.59
Financial assets measured at fair value through profit or loss		519,585,856.01	685,472,558.11
Derivative financial assets			
Financial assets held under resale agreements		2,786,342,304.87	1,640,425,104.20
Accounts receivable		46,167,756.75	32,048,177.25
Interests receivable		195,059,887.08	113,024,757.02
Refundable deposits		343,869,493.81	49,232,222.17
Available-for-sale financial assets		6,293,622,678.71	3,967,476,382.54
Held-to-maturity investments			
Long-term equity investments	16.1	738,306,355.56	738,306,355.56
Investment properties			
Fixed assets		245,704,293.74	252,466,297.84
Construction in progress			
Intangible assets		18,826,053.59	13,032,037.46
Goodwill			
Deferred tax assets		174,828,727.99	128,462,925.35
Other assets		12,515,574.74	11,867,123.90
Total assets		**33,653,319,138.31**	**15,603,330,439.83**

The notes on pages 52 to 121 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Statement of Financial Position

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	2014.12.31	2013.12.31
Liabilities:			
Short-term borrowing			
Short-term financing instrument payables		1,000,000,000.00	1,020,000,000.00
Due to banks and other financial institutions		2,437,000,000.00	346,000,000.00
Financial liabilities measures at fair value through profit or loss			
Derivative financial liabilities			
Financial assets sold under repurchase agreements		10,347,391,368.92	2,432,089,047.70
Angency Securities		9,503,326,996.91	4,560,545,026.70
Funds payable to securities issuers			150,000,000.00
Employee benefits		610,371,956.06	475,671,520.93
Tax payable		125,764,055.81	65,980,278.27
Accounts payable		532,621,095.44	92,338,712.21
Interests payable		111,655,549.67	15,921,782.94
Accrued liabilities			
Long-term loans			
Debt instruments issued		2,000,000,000.00	660,000,000.00
Deferred tax liabilities		65,225,563.49	2,680,475.96
Other liabilities		2,696,214.00	2,909,073.00
Total liabilities		**26,736,052,800.30**	**9,824,135,917.71**
Equity			
Paid in capital		2,004,000,000.00	2,004,000,000.00
Capital reserve		1,324,750,000.00	1,324,750,000.00
(Less): Treasury stock			
Other comprehensive income		195,676,690.45	6,965,262.06
Surplus reserve		394,995,164.76	300,059,126.01
General risk reserve		789,990,329.52	600,118,252.02
Undistributed profit		2,207,854,153.28	1,543,301,882.03
Exchange reserve			
Total equity		**6,917,266,338.01**	**5,779,194,522.12**
Total liabilities and equity		**33,653,319,138.31**	**15,603,330,439.83**

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Statement of Profit or Loss and Other Comprehensive Income

2014

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	Current year	Prior year
1. Operating revenue		**2,367,053,693.79**	**1,838,141,853.91**
Net Commission and fee income	16.2	1,480,625,616.06	1,038,787,070.07
Including: Net fee income from brokerage		1,020,321,367.33	752,709,879.65
Net fee income from investment banking		227,888,421.61	172,711,865.75
Net fee income from asset management		206,849,664.67	109,983,461.05
Net interest income	16.3	290,494,954.05	216,304,758.66
Investment income/(loss)	16.4	600,948,582.73	600,058,122.09
Including: Investment income from associates and joint ventures			
Gains/(loss) from changes in fair value	16.5	-6,078,668.86	-17,774,700.94
Foreign exchange gains/(loss)		33,475.76	-240,552.86
Other operating income	16.6	1,029,734.05	1,007,156.89
2. Operating expenses		**1,206,761,355.43**	**1,139,811,603.53**
Business tax and surcharges		124,653,156.28	109,453,642.16
General and administrative expenses		1,033,165,385.06	1,000,288,332.35
Impairment losses	16.7	48,942,814.09	30,069,629.02
Other operating expenses			
3. Operating profit/(loss)		1,160,292,338.36	698,330,250.38
Add: Non-operating income		6,061,414.33	4,802,280.57
Less:Non-operating expenses		2,006,497.43	1,186,708.23
4. Profit/(Loss) before tax		1,164,347,255.26	701,945,822.72
Less: Income tax expense		214,986,867.76	119,628,606.52
5. Net Profit/(Loss)		949,360,387.50	582,317,216.20
6.Other comprehensive income, net of tax		188,711,428.39	-50,724,411.55
(1) Items that may not be reclassified subsequently to profit or loss			
(2) Items that may be reclassified subsequently to profit or loss		188,711,428.39	-50,724,411.55
1. Gains or losses arising from changes in the fair value of avaiable-for-sale financial assets		188,711,428.39	-50,724,411.55
7.Total comprehensive income		1,138,071,815.89	531,592,804.65

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Cash Flow Statement

2014

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Items	Notes	Current year	Prior year
1. Cash flows from operating activities:			
Net increase / (decrease) in disposing financial instruments measured at fair value through profit or loss		248,923,827.82	
Interest, fee and commission received		2,367,254,069.24	1,511,623,084.18
Net increase in due to banks and other financial institutions		2,091,000,000.00	346,000,000.00
Net increase in repurchase agreements		6,766,424,881.55	
Net increase in customer brokerage deposits		4,942,781,970.21	
Cash received from other operating activities	16.8	8,533,245.50	243,945,931.87
Total cash inflow from operating activities		16,424,917,994.32	2,101,569,016.05
Net increase / (decrease) in margin accounts		6,259,866,324.64	2,534,407,681.21
Net decrease in customer brokerage deposits			777,551,131.56
Net increase / (decrease) in investing in financial instruments measured at fair value through profit or loss			133,805,068.37
Net decrease in due to banks and other financial institutions			
Net decrease in repurchase agreements			217,067,580.70
Interest, fee and commission paid		439,024,769.07	263,429,574.27
Cash payments for employees		533,126,793.17	419,696,189.75
Tax expenses paid		333,714,727.26	226,123,766.32
Cash paid for other operating activities	16.8	736,495,665.96	284,955,923.60
Total cash outflow from operating activities		8,302,228,280.10	4,857,036,915.78
Net cash inflow / (outflow) from operating activities	16.8	8,122,689,714.22	-2,755,467,899.73
2. Cash flows from investing activities:			
Cash received from investment			
Dividend income received		480,447,355.43	496,042,443.86
Cash received from disposal of subsidiaries or other operating entities			
Cash received from other investing activities		244,004.28	179,570.90
Total cash inflow from investing activities		480,691,359.71	496,222,014.76
Cash paid for investment		2,074,531,058.31	921,459,723.23
Acquisition of property and equipments, intangible assets and other long-term assets		46,927,912.67	31,376,605.26
Acquisition of subsidiaries and other operating entities			130,000,000.00
Cash paid for other investing activities			
Total cash outflow from investing activities		2,121,458,970.98	1,082,836,328.49
Net cash inflow / (outflow) from investing activities		-1,640,767,611.27	-586,614,313.73
3.Cash flows from financing activities:			
Cash received from capital injection			
Cash received from loans			
Cash received from bond issuance		7,140,000,000.00	2,280,000,000.00
Cash received from other financing activities		409,430,000.00	
Total cash inflow from financing activities		7,549,430,000.00	2,280,000,000.00
Cash paid for debt redemption		5,820,000,000.00	600,000,000.00
Dividend and interest paid		118,295,671.23	7,693,150.68
Cash paid for other financing activities			
Total cash outflow from financing activities		5,938,295,671.23	607,693,150.68
Net cash inflow / (outflow) from financing activities		1,611,134,328.77	1,672,306,849.32
4.Effect of exchange rate fluctuation on cash and cash equivalents		33,475.76	-240,552.86
5.Net increase / (decrease) in cash and cash equivalents	16.8	8,093,089,907.48	-1,670,015,917.00
Add: Cash and cash equivalents at the beginning of the period	16.8	5,034,867,805.84	6,704,883,722.84
6.Cash and cash equivalents at the end of the period	16.8	13,127,957,713.32	5,034,867,805.84

The notes on pages 13 to 126 form part of these financial statements.

Legal representative: **Accounting-in-charge:** **Finance-in-charge:**

Company Level Statement of Changes in Equity

2014

Prepared by: Dongxing Securities Company Limited **Unit: RMB**

Current year

Items	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Exchange reserve	Total equity
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00		6,965,262.06	300,059,126.01	600,118,252.02	1,543,301,882.03		**5,779,194,522.12**
Add: Changes in accounting policies									
Correction to errors									
Others									
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00		6,965,262.06	300,059,126.01	600,118,252.02	1,543,301,882.03		**5,779,194,522.12**
3. Movement during the year (decrease denoted by "-")				188,711,428.39	94,936,038.75	189,872,077.50	664,552,271.25		**1,138,071,815.89**
(1) Total comprehensive income				188,711,428.39			949,360,387.50		**1,138,071,815.89**
(2) Increase / (decrase) in investments by shareholders									
1. Ordinary stocks injected by shareholders									
2.Capital injected by other equity instrument-holders									
3. Share-based payments to equity									
4. Others									
(3) Profits distribution					94,936,038.75	189,872,077.50	-284,808,116.25		
1. Surplus reserve					94,936,038.75		-94,936,038.75		
2. Provision for general risks						189,872,077.50	-189,872,077.50		
3. Distributions to shareholders									
4. Others									
(4) Internal transfers within equity									
1. From capital reserve to share capital									
2. From surplus reserve to share capital									
3. Surplus reserve to recover accumulated losses									
4. Others									
(5) Special reserve									
1. Extracted for this year									
2. Used during the year									
(6) Others									
4. Ending balance of this year	2,004,000,000.00	1,324,750,000.00		195,676,690.45	394,995,164.76	789,990,329.52	2,207,854,153.28		**6,917,266,338.01**

Prior year

Items	Share capital	Capital reserve	(Less): Treasury stock	Other comprehensive income	Surplus reserve	Provision for general risks	Retained earnings	Exchange reserve	Total equity
1. Ending balance of last year	2,004,000,000.00	1,324,750,000.00		57,689,673.61	241,827,404.39	483,654,808.78	1,135,679,830.69		**5,247,601,717.47**
Add: Changes in accounting policies									
Correction to errors									
Others									
2. Opening balance of this year	2,004,000,000.00	1,324,750,000.00		57,689,673.61	241,827,404.39	483,654,808.78	1,135,679,830.69		**5,247,601,717.47**
3. Movement during the year (decrease denoted by "-")				-50,724,411.55	58,231,721.62	116,463,443.24	407,622,051.34		**531,592,804.65**
(1) Total comprehensive income				-50,724,411.55			582,317,216.20		**531,592,804.65**
(2) Increase / (decrase) in investments by shareholders									
1. Ordinary stocks injected by shareholders									
2.Capital injected by other equity instrument-holders									
3. Share-based payments to equity									
4. Others									
(3) Profits distribution					58,231,721.62	116,463,443.24	-174,695,164.86		
1. Surplus reserve					58,231,721.62		-58,231,721.62		
2. Provision for general risks						116,463,443.24	-116,463,443.24		
3. Distributions to shareholders									
4. Others									
(4) Internal transfers within equity									
1. From capital reserve to share capital									
2. From surplus reserve to share capital									
3. Surplus reserve to recover accumulated losses									
4. Others									
(5) Special reserve									
1. Extracted for this year									
2. Used during the year									
(6) Others									
4. Ending balance of this year	2,004,000,000.00	1,324,750,000.00		6,965,262.06	300,059,126.01	600,118,252.02	1,543,301,882.03		**5,779,194,522.12**

The notes on pages 13 to 126 form part of these financial statements.

Legal representative : **Accounting-in-charge :** **Finance-in-charge :**

Dongxing Securities Company Limited

Notes to the financial statements for the year 2014

(Unless otherwies stated, the reporting currency stated in this report is Renminbi ("RMB"))

1.COMPANY STATUS

1.1Company's history

Dongxing Securities Company Limited (the Company) was registered on 28 May 2008 in State Adminstration for Industry and Commerce of the People's Republic of China. The Company's business license number is 100000000041652.

Dongxing Securities Company Limited (the Company) obtained <Approval of proposed incorporation of Dongxing Securities Company Limited> (Zheng Jian Ji Gou Zi [2007] No. 53) by China Securities Regulatory Commission (the "CSRC") on 25 February 2007, <Approval of incorporation issues of Dongxing Securities Company Limited by China Orient Asset Management Cooperation> (Cai Jin [2007] No.14) approved by the Treasury Department on 6 March 2007, <Approval of incorporation of Dongxing Securities Company Limited by China Orient Asset Management Cooperation> (Yin Jian Fu [2007] No.148) by China Banking Regulatory Commission on 3 April 2007 and <Official approval of the incorporation of Dongxing Securities Company Limited> (Zheng Jian Xu Ke [2008] No.665) by CSRC on 12 May 2008.

1.2Registeration information

Company address: Floor 12/15, No.5 Xin Sheng Building, Jinrong Street, Xicheng District, Beijing

Legal Representative: Qinghua Wei

Registered Capital: RMB2,004,000,000.

Business Type: Limited company

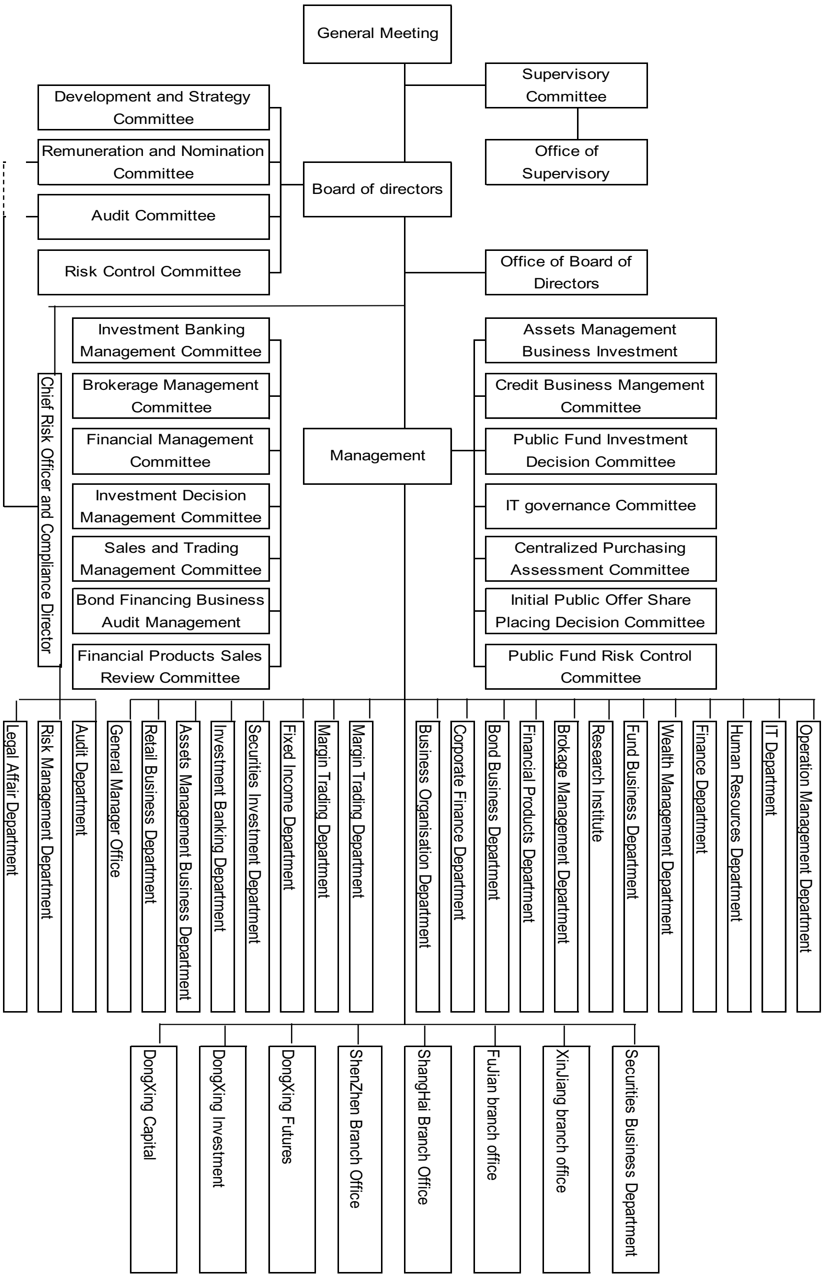
Industry Nature: Securities Institution

1.3Business scope

The business scope: Approved operating activities: Securities brokerage; securities investment consulting; Financial consultancy related to the securities trading and investments; Underwriting of securities; sales of securities investment funds; Securities proprietary trading and securities assets management; Sourcing business for futures companies; equity and debt financing; Consignment sales of financial products. Normal operating activities: Not applicable.

As at 31 December 2014, the company has 3 subsidiaries including Dongxing Futures Co., Ltd, Dongxing Security Invstment Ltd, Dongxing Capital Investment Management Ltd, 4 branches located in Shanghai, Fujian, Shenzhen and Xinjiang and 58 securities operating departments, covering 20 provinces in China in which includes: 33 in Fujian, 3 in Beijing and Guangdong each, 2 in Shanghai and Sichuan each, 1 in Tianjin, Chongqing, Jiangsu, Jiangxi, Zhejiang, Hubei, Hunan, Anhui, Hebei, Henan, Shanxi, Shanxi, Shandong, Liaoning and Guangxi each.

1.4By 31 December 2014,the corporate structure is as below:



1.5Investment matters

The company was incorporated by China Orient Asset Management Cooperation, Aluminium Corporation of China and Shanghai Dasheng Asset Co., Ltd.The registered capital is RMB 1,504 million with 1,504 shares in total, which including: RMB 1,500 million by China Orient Asset Management Cooeration, with the shareholding being 99.734%; RMB 2 million by Aluminium Corporation of China,with the shareholding being 0.133%; RMB 2 million by Shanghai Dasheng Asset Co.,Ltd.,with the shareholding being 0.133%. The above capital verification report for incorporation has been verified by Pan-China Certified Public Accountants, with reference to Zhe Tian Kuai Yan [2007] No.59.

The company obtained <Official approval on the registered capital amendments of Dongxing Securities Company Limited> with reference to Zheng Jian Xu Ke [2011] No.1727 by the CSRC, permitting the company to increase the registered capital by RMB 500 million. The registered capital increase from RMB 1,504 million to RMB 2,004 miilion thereafter. The above capital increase matter has been verified by RSM China, with the issuance of the <Capital Verification Report> with reference to Zhong Rui Yue Hua Yan Zi [2011] No.245.

By 31 December 2014, the shareholdings are as below:：

	2014-12-31	
Shareholders	Shares	Shareholding(%)
China Orient Asset Management Corporation	1,500,000,000.00	74.850
Shanghai Guosheng Asset Co., Ltd	100,000,000.00	4.990
Thai Hot Group Ltd	70,000,000.00	3.493
Beijing Yongxin International Investment (Group) Co., Ltd	57,000,000.00	2.844
Founder H Fund Co., Ltd	54,000,000.00	2.695
China Chengtong Holdings Group Ltd.	50,000,000.00	2.495
Fujian Tianbao Mining Group Ltd	50,000,000.00	2.495
Fujian Changle Changyuan Textile Co., Ltd	50,000,000.00	2.495
Fujian Thai Hot Investment Co., Ltd	29,000,000.00	1.447
Xibosi Investment Holdings Co., Ltd	22,000,000.00	1.098
Shanghai Yongrun Investment Management Co., Ltd	20,000,000.00	0.998
Aluminum Corporation of China	2,000,000.00	0.100
Total	2,004,000,000.00	100.000

Note:Shanghai Dasheng Assets Co., Ltd had been merged by Shanghai Guosheng Assets Co., Ltd in the first half year in 2014. The 100 million shares originally held by Shanghai Dasheng Assets Co., Ltd was transferred to Shanghai Guosheng Assets Co., Ltd.

The financial statements were approved and authorized by the Board of Directors on 27 March 2015.

2.BASIS OF PREPARATION

The financial statements are prepared on the basis of going concern and actual transactions and events, in accordance with the disclosure requirements by <China Accounting Standards-General Framework> (Ministry of Finance No.33, No.76) issued by Ministry of Finance, 41 specific accounting standards issued and amended subsequent to 15 February 2006, China Accounting Standards Practical Guide, China Accounting Standards Interpretation and other relevant requirements (The CAS), <Financial statements format and notes for Securities companies> (Cai Kuai [2013] No.26), <Annual report content and format for Securities companies> (Zheng Jian Hui Gong Gao [2013] No.41) and <Information disclosure requirements No.15 - General requirements for financial report for Listed Companies> (2014 revised).

In compliance with the CAS requirements, the accounting treatments are prepared on the accrual basis. The financial statements have been prepared under the historical cost convention. Provisions for asset impairment are made in accordance with relevant requirements.

3.DECLARATION OF COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements are prepared in compliance with the CAS requirements and have disclosed the company and its subsidiaries financial positions as at 31 December 2014, financial performance and cash flows for the year then ended in a true and fair manner. The financial statements are also, in all material aspects, in compliance with the <Information disclosure requirements No.15-General requirements for financial report for Listed Companies> revised in 2014 by the CAS.

4.SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1Accounting year

The Company's accounting periods are presented as accounting year and interim accounting period. The interim accounting period represents the reporting period that is shorter than the accounting year. The accounting year of the Company is from 1 January to 31 December.

4.2Functional currency

The currency of the Company's major operational economic environment is denominated in Renminbi (RMB). The Company adopts RMB as the functional currency and prepares the financial statements in RMB.

4.3Business combination for entites under common control and different control

Business combination, transaction or other event in which anacquirer obtains control of one or more business.Business combination split into business combinations of entities under common control and under difference control.

(1)Business combination fo entities under common control

A business combination involving entities or businesses under common control is a business comination in which all of the combining entities or businesses are ultimately controlled by the same party or oarties both before and after the business combination, and that control is not transitory.Business combination for entities under common control, acquiree means the business or businesses that the acquirer obtains control of in a business combination. Acquirer means the entity that obtains control of the acquiree. Acquision date means the date on which the acquirer obtains control of the acquiree.

Assets and liabilities of the acquirer shall be measured at the carrying value of the acquirer on the date of the acquisition.The difference between the carrying value of the net assets acquired by the acquirer and the consideration transferred of the book value will be adjust to the share premium,if the share premium are is not sufficient to reduce amount, thus the retained earnings shall be adjusted.

Any acquirer make the expense directly related to the business combination, will be record in the profit and loss immediately.

(2)Business combination for entities under different control

A business combination involving entities or businesses under non untairy control is a business comination in which all of the combining entities or businesses are ultimately controlled by the difference party.Business combination for entities under non untairy control, acquiree means the business or businesses that the acquirer obtains control of in a business combination. Acquirer means the entity that obtains control of the acquiree. Acquision date means the date on which the acquirer obtains control of the acquiree.

For the business combination for entities under different control,Combination cost include in the acquisition day that acquirer in order to obtain the acquire's power of control that must paid asset and liabilities and fair value of the equity securities issued by the auditing,legal services for the business combination, assessment consulting intermediary fee and other fees for occurs into the profit and loss. Acquirer as issuing equity securities or debt securities transaction cost, included in the equity secutiries or the initially recognized amount of the debt securities.

Acquirer generated combination costs and in the acquisition processing obtained identifiable net assets are measured at the acquisition date. In the combination process, the different generated from cost more than acquiree's identifiable net asset in the purchased day are recognized as goodwill. If combination costs less than the fair value of identifiable net assets, firstly, the acquire obtained the identifiable assets, liabilities and contingent liabilities of the fair value of the measurement as well as the combination costs for review. After review the acquire combination costs are still less than the fair value of identifiable net assets, the different will through the profits and losses.

4.4Preparation and presentation of consolidated financial statment

(1)The principle of determining the scope of consolidated financial statements
Scope of consolidated financial statements are basins of control and shall be determined. Control refers to the company has power over the investee,by participating in the relevant activities of the in vestors and have variable returns ,and ability to use the power to influence the return amount of the invstee. The combination scope are includes the company and all subsidiaries. Subsidiary is main body but controlled by the company.

(2)The method of prepartation of consolidated financial statements
From obtained the actual controlled day of subsidiary's net assets and production operation decision begin, the company can included in the consolidated scope；and when the control loss, company will derecognized the subsidiary. For the disposal of the subsidiary, prior to disposal of operating results and cash flow have been properly included in the consolidated income statement and consolidated cash flow statements; if disposal the subsidiary in current period, it do not need adjust the consolidated balance sheet. Subsidiary new mergered from the company not under the difference control，the operating result and cash flow are suitably includeing the consolidated income statement and cash flow statement after acquisition day, and it not need to adjusted the consolidated financial statement's opening amount and the comparative amount. Subsidiary of increased under the same control and absorption of merger and acquiree, the combined party's combined year of beginning to the combining date of operating result and cash flow have been properly included in the consolidated income statement and cash flow statement.and simultaneously adjust the contrast of consolidated financial statements.

When preparing consolidated financial statements, subsidiary and the company adopts the accounting policies or accounting period inconsistent, company will follow the reporting enetity's accounting policy or accounting period to make reasonably adjustment. For a business combination not under the same control unit, company will adopted the fair value of the identifiable net asset as basis and make adjustment to financial statement.

All material balance,transaction, and unrealized profit in the preparation of financial statement shall be eliminated within the scope of financial statement.

Shareholders'equity with profit and loss that not belong to our company are respectively as the rights and interests of minority shareholders and minority in the profit and losses in the consolidated financial statements separately listed under shareholders'equity and net profit. Net profit and loss of subsidiary belonging to minority shareholders'equity share will be listed in the consolidated income statement of"minority shareholder in profit and loss". Minority shareholders undertake the losses in a subsidiary more than minority shareholders dominant in the subsidiary at the beginning of time will reduce the number of shareholders'equity.

When the disposal of part of the equity investment or other reason make original subsidiary lose control, the rest of the equity will remeasured at fair value. The sum of disposal consideration for equity with the rest of the fair value of equity, and minus original subsidiary since the acquisition continuous calculation of the difference between the share of the net assets will include in the loss of control over the current investment income. Other comprehensive income are related to original subsidiary will be transfer into the current profit and loss in investment at the day of control lost. After that ,for the remainder of this part of equity, according to "accounting standards for enterprise No.2-long term equity investment"or "accounting standards for enterprises No.22-recognition and measurement of financial instrument"and related regulation for subsequent measurement.

Company need to distinguish the disposal of subsidiary company equity investment until the loss of control of the various transactions whether belongs to a package transaction. Dispoal equity investiment in subsidiaries in all kinds of trade term，conditions and economic effect in accordance with one or more if the following situations are indicated multiple transactions should be a package transaction for accounting treatment.①These transaction conclude in the meantime or in the condition that each part will be impacted. ②These transactions as a whole to achieve a complete business results；③The occurrence of one transaction are depends on the at least one other transaction；④One transaction seprate seems like not the economy, but it also canbe economic when consider this transaction with other trading. If one transaction are not belong to the package transaction, each of transaction will be according to the “Part disposal of subsidiaries of a long-term equity investment under the control not lose”and each of the transaction will resoectively follow the part disposal subsidiaries of a long-term equity investment under the control not lose”(refer to notes 4.14.(2)④) and “because of the disposal of part of the equity investment or other reasons lose control”of the original subsidiaries suited for the principle as accounting treatement. If disposal subsidiary company equity investment at other each transaction are belongs to a package transaction until company losing control, thus the each transaction canbe seem with one accounting treatment that each transaction as recognize as one transaction of disposal of subsidiaries and loss of control transactions accounting treatment. However, the difference between the disposal price of prior before control lost with comapnay net asset woll be recognized as other comprehensive income, and also transfer the current year profit and loss when control lost.

4.5Designation of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term (generally due within 3 months since transaction), highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

4.6Translation of foreign currencies

Company foreign currency business are measured at the tongzhang system, when the foreign currency transaction happened,the transaction will be record the functional curreny and foreign currency of the original currency.

In the financial position day, company will conversion the other than the functional currency into the functional currency,the monetary item at the spot exchange rate on the balance sheet date, record amount of non-monetary item at the historical cost at the spot exchange rate on in trading day.

Foreign exchange trading price difference due to foreign exchange business happens, the currency convert the difference because of the exchange difference directly recorded into the profits and loss.

4.7Customer trading settlement funds

The company receives the customer trading settlement funds deposited in a designated account of the depository bank, and separated from its own capital management. For deposits arising from fund settlement and trading as a result of securities trading on behalf of customers as an agent, such deposit are required to be deposited into settlement agent institution as designated by the exchange and settled in the trading settlement funds. When the company as an agent received funds from the clients for trading securities shall be recognized as assets and liabilities.

Company accept customers' order to trade securities as an agent on a stock exchange. When settling with the clients: If the total transaction amounts of purchasing stock is more than total transaction amounts of selling stock. According to the difference of the settlement date for securities trading price, and plus withholding stamp duty and commission and other fee, customers' transaction settlement funds should reduce; if the total transaction amounts of purchasing stock is less than the total transaction amounts of selling stock, based on the difference of the settlement date for securities trading price, less withholding stamp duty and customers commission fee etc, customers' transaction settlement fund should increase.

Company in accordance with the requirement make interest settlement and increased customer's transaction settlement funds quarterly.

4.8Financial instrument

(1)Determination of fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is an active market for a financial instrucment, the quoted price in the active market is used to establish the fair value of the financial instrucment. The quoted price in the active market refers to the price can be easily obtained from stock exchanges, brokers, industry associations, pricing service institutions regularly, and represents the actual occurrence in the fair market transaction price. If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and etc.

(2)Financial instrument recogniation and derecogniation

Company become a part of the contract of financial instruments will recognization an asset or financial laibailities.The financial asset shall be derecognized if one of the following conditions is satisfied：

①the contractual rights to the cash flows from the financial asset expire；

②the financial asset has been transferred and substantially all risks and rewards associated with the ownership of the financial asset have been transferred to the transferee

upon the transfer of the financial asset, the Company neither transfers nor retains substantially all the risks and rewards associated with the ownership of the financial asset, but the Company has not retained control of the financial asset.

When a financial liability (or part of it) is derecognized, the changes therein between the book value and the consideration (include the non monetary asset transferred out and liability for the new financial liability), are recognized in profit or loss.

(3)Categorise and measurement of financial assets

Companies based on risk management and investment strategy will split financial asset into four categories: Financial assets at fair value through profit or loss, Held-to-maturity investments, Loans and receivables, Available-for-sale financial assets.

①Financial assets at fair value through profit or loss

Including financial assets and financial assets held for trading that measured at fair value through profit and loss.

Financial assets held for trading that meet any of the following conditions are financial assets:（1）the purpose of the acquisition the financial assets is principally for selling in the near team（2）as part of a identifiable financial instrument portfolio for centralized management, and there is objective evidence that the Company uses the short-term profit mode for the management of the portfolio；（3）a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and related dividend income and interest income are recognised in profit or loss。Company sold tradable financial assets transfer to cost by weighted average method.

②Held-to-maturity investment:There is a clear intention held-to- maturity and has a fixed or indentifiable recovery amount and fixed term of derivative financial assets, the Held-to-maturity investment canbe recognized. The initial recognition of the held-to-maturity investment are measured at sum of fair value and the associated transaction cost.Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. The changes arise in derecognition, impairment or amortise of held-to-maturity investments are recognized the profit or loss.

③Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. The changes arise in derecognition, impairment or amortise are recognized the profit or loss.

④Available-for-sale financial assets：Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets except for financial assets that are measured at fair value through profit and loss, loans and accounts receivable, held-to-maturity investments.

Available-for-sale financial assets are measured at fair value subsequent to initial recognition, and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss, are recognised as other comprehensive income, when a financial asset is derecognised, the cumulative gain or loss is transfered from equity to profit or loss. However, for available-for-sales investment equity instruments that have no quotation in the active market and their fair value cannot be measured reliably, and the derivative financial assets that are linked to and must be settled by delivery of such equity instruments, are measured at cost subsequent to initial recognition.

Interest income and dividends declare by the investee during the holding period of available-for-sale financial assets, are recognized as investment income

For which there is no quoted price in the active market and whose fair value cannot be reliably measured the equity instrument investments, and linked to the equity instrument and must be settled by delivery of the equity instruments of the derivative financial assets and measured at cost.

(4)Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

The indicator of the objective evidence shows that financial assets impairment refer to actual happened after the initial recognition of financial assets, the expected future cash flow of the financial assets and the company canbe measured the effect reliably. Financial assets impairments of objective evidence including the following:

a. the issuer or the debtor has financial diffculties

b. The debtor violated the term of th contract, such as pay interest or principal defaults or overdue.

c. Creditor consider economic or legal issue so that make concession on debtor with financial difficulty.

d. The debtor is likely to fail or to other financial restructuring.

e. Due to the issuer happened major financial difficulties, the financial asset can't continue to trade in the active market.

f. Unable to identify whether a set of financial assets in an asset'cash flow is reduced, but according to public data on the overall evaluation, that the set of financial assets since the initial recognized of the expected future cash have indeed reduce and also canbe measured, such as the group of financial assets of the debtor to pay ability gradually deteriorated, or the debtor contry or region's unemployment rate increases, or the price of the collateral in its region decreases and the industry recession obviously.

g. The debtor is operation areas'technology,market, economic or legal environment has significant adverse changes,so that equity instruments investor may not be able to recover the ivestment cost.

h. Fair value investment of equity instruments happened significant and not transitory decrease.

For the market to sell equity instruments continued fall below 50% of the cost or time up to more than one year, it canbe judged to serious or the temporary decline, simultaneously, company should consider relevant factor and from the hold to sell equity instrument investment in the whole time and make comprehensive judgement. To determine the available for sale of fair value of the equity instruments investment whether significant and not transitory decrease to show that the available for sale equity instrument investment happened impairment.

i. Objective evidence of other shows that financial assets are impairment.

①Impairment for held-to-maturity investment,loans and receivables

Financial assets that are measured at cost or amortised cost that reduce their carrying amount to the present value of the estimated future cash flows, the reduction is recognized as impairment losses andare recognized in profit and loss. If, after an impairment loss has been recognised on financial assets there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

②Impairment for available-for-sales financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is transferred to profit or loss. The cumulative loss being transferred refer to balance of the initial recognized cost that deducts any principal amount received and the amortised amount, current fair value and the initial impaired amount recognised in profit or loss.

When the impairment loss has been recognised, the value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is reversed through other comprehensive income, and an impairment loss recognized for an available-for-sale debt instruments is reversed through profit or loss.

Impairment loss of a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured, such impairment loss is not reversed.

(5)Reconition basis and measurement method for financial asset transfer

The financial asset shall be derecognized if one of the following conditions is satisfied: ①the contractual rights to the cash flows from the financial asset expire; ②the financial asset has been transferred and substantially all risks and rewards associated with the ownership of the financial asset have been transferred to the transferee; ③upon the transfer of the financial asset, the Company neither transfers nor retains substantially all the risks and rewards associated with the ownership of the financial asset, but the Company has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, the difference between the book value, the transfer consideration received and fair value cumulative amount initially recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognizing, the carrying amount of the transferred financial asset in its entirety shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the following two amounts shall be included in profit or loss for the current period: (a) the carrying amount allocated to the part derecognized; (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income.

(6)Categorise and measurement of financial liabilities

At initial recognition, a financial liability is classified at fair value through profit or loss or other financial liabilities. Financial liabilities are measured at fair value in initial recognition. For financial liabilities measured at their fair values through profit or loss, the transaction costs thereof are directly recognized into the profit or loss. As for other financial liabilities, the transaction costs thereof are included in the initial cost.

①Financial liabilities at fair value through profit or loss

The recognition criteria for financial liabilities held for trading and financial liabilities as fair value through profit or loss, and the recognition criteria for financial assets held for trading and financial assets as fair value through profit or loss, are the same.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and related dividend income and interest income are recognised in profit or loss.

②Other financial liabilities

For investment equity instruments that have no quotation in the active market and their fair value cannot be measured reliably, and the derivative financial liabilities that are linked to and must be settled by delivery of such equity instruments, are measured at cost subsequent to initial recognition.

(7)Derecognition of financial liabilities

The Company derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires. The agreement between the Company (debtor) and creditor, which use a new financial liability to replace the existing financial liability, and terms and conditions are substantively different between the new financial liability and the rexisting financial liability, the existing financial liability is then derecognized, and simultaneously recognized the new financial liability.

When a financial liability (or part of it) is derecognized, the changes therein between the book value and the consideration (include the non monetary asset transferred out and liability for the new financial liability), are recognized in profit or loss.。

(8)Derivative and embedded derivative

Derivative is measured at fair value initially on the date of agreement, and measured at fair value subsequently. Derivative is at fair value through profit or loss. Besides designated as a hedging instrument and the highly effective hedging derivative changes in the fair value of the gain and loss will depend on the nature of the hedging relationship and through profit and loss, other changes fair value of derivative through profit and loss.

(9)Offset of financial asset and financial liability

When the Company has the legal right to offset the recognized financial asset and financial liability and the legal right is enforceable, and the Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously. A financial asset and a financial liability are offset and the net amount is presented in the balance sheet. Except for the above, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

(10)Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company. The Company recognises the issuance (including refinancing), purchase back, sale or deregistered equity instrument as equity changes. The Company does not recognize equity instrument's fair value change. Transaction costs related to equity instruments are deducted from owners' equity.

Appropriation to the holders of equity instrument (exclusive of dividends from shares), are deducted from owners' equity. The Company does not recognize equity instrument's fair value change therein.

4.9Receivables

(1)Criteria for recognition of bad and doubtful debts

The Company carries out an inspection, on the balance sheet date, on the carrying amount of accounts receivable; where there is any objective evidence described below proving that such accounts receivable has been impaired, an impairment provision is made: ①A serious financial difficulty occurs to the debtor; ②The debtor breaches any of the contractual stipulations (default in the payment of interest or principal, etc); ③The debtor is likely to become bankrupt or carry out other financial reorganizations; ④ Other objective evidences showing the impairment of receivables.

(2)Provision for bad and doubtful debt

① Impairment test is required for individually material account receivable (individually above RMB 5 million). If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value.

② Impairment test is required for the following accounts receivable which are not individually material. If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value.

The accounts receivables include: the receivables under disputes and litigation; the receivables with obvious evidence that the debtors are unlikely to repay the amounts, etc.

③ The remaining accounts receivables after individual testings noted above are categorized by credit risks together with the other individually immaterial accounts receivables. Provisions for doubtful debts are made with the comprehensive assessments by the actual loss rate for similar credit risk receivables in the previous year and the current year situations.

(3)Reversal of provision

If any objective evidence proves the reversal of the accounts receivables, which relates to the subsequent events after recognizing the loss, the provision is allowed to be reversed into current year'profit or loss. However, the reversed book amount should not exceed the amoritsed amount without provision at the reversal date.

The difference after the transaction amount less the written-off of accounts receivables and relevant tax is recognized into current year's profit or loss arising from the transfer of accounts receivable to the financial institutions without recourse.

4.10Accounting for buy-back sale and repurchase

Buy-back transaction follows the terms in contracts or agreements to buy relevant financial products (including debentures and bills) at certain price from the trading partners and resell the same financial product at agreed price at maturity date. The initial cost is recognized as the actual payments for the buy-back transaction.

Repurchase transaction follows the terms in contracts or agreements to sell relevant financial products (including debentures and bills) to the trading partners at certain price and repurchase the same financial products at agreed price at maturity date. The initial cost is recognized as the actual receipts for repurchase transaction. The sold financial products is accounted for and disclosed in the balance sheet as the original item.

The impairment test is required for stock pledge repurchase amount. If the objective evidence indicates the impairment, the provision is made on the difference between future discounted cash flow and book value. If no impairment is made after the individual test, 0.50% provision is made together with the other stock-pledge repurchase amount.

4.11Margin trading

Margin trading refers to the transactions that the company lends funds to the customers for purchase of securities or lends securities for selling, and requires relevant margin by the customers. Margin trading is categorized as fund-financing business and securities-financing business.

The funds lending is recognized as receivables and related interest revenue is recognized. The securities are not derecognized for securities lending, and continue to be accounted for and accrue interest revenue.

Securities brokerage accounting is adopted for transacting securities on behalf of clients in margin trading.

Provision for fund-financing business is on the basis of closing balance at 0.50%.

4.12Accounting for issuing securities agency

(1)For full underwriting of issuing securities agency, the company recognizes assets and liabilities at purchase price upon receiving the issued securities. The unsold securities after issue period are transferred into proprietory securities or long-term investments at purchase price.

(2)For balance underwriting of issuing securities agency, the unsold securtiries after issue period are transferred into the financial assets measured at fair value through profit or loss or available-for-sale financial assets at agreed purchase price.

(3)For consigned underwriting of issuing securities agency, the unsold securities are returned to the consigners.

4.13Accounting for asset management

Asset management refers to the business that the company manages entrusted assets for the trustees, including directed asset management, collective asset management and special asset management.

The company sets up the chart of accounts and accounts for the transactions on the subject of trustee or collective program for asset management business. Periodic review for the accounting records and valuation results with the trustees and periodic settlement with clients for due contracts are required, and commission charge and income is computed on the basis of the contracted return distribution method and rate.

4.14Long-term equity investments

Long-term equity investment refers to the investments with control, joint control or significant influence over the investees.

The long-term equity investments without control, joint control or significant influence over the investees are accounted for held-for-sale financial assets or financial assets measured at fair value through profit or loss (relevant accounting policies referred to Note 4.8 ‘Financial Instruments).

(1)Initial cost recognition

The long-term equity investments arising from business combination are accounted for at the book value of the acquirer’s interests in the ultimate holding’s consolidated financial statements for the combination under the common control. The long-term equity investments arising from the combination under non-common control should include the assets, liabilities and equity instruments for consideration. The professional fees such as auditor’s remuneration, legal fee, valuation consultancy are recorded into the current year’s profit or loss. The issue charge of the issuing equity or debt securities will be recognized as part of initial cost.

Other equity investments not arising from business combination should be accounted for on the basis of actual purchase price, fair value of the issued equity securities, agreed price of investment contract or agreement, fair value or book value of non-monetary assets or the fair value of the long-term equity investments. Any direct attributable costs, taxes and other necessary costs are recognized as initial costs of long-term equity investments.

(2)Subsequent treatment

For long-term equity investments over which has joint control (except joint operation) or significant influence, equity method is adopted; long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements

①Long-term equity investments by cost method

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

②Long-term equity investments by equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated according to the asset impairment under <China Accounting Standards 8 – Impairment>. The investee's other comprehensive income will be correspondingly adjusted to the carrying value of long-term equity investments and other comprehensive income. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profits distribution are correspondingly adjusted to the carrying amount of the long-term equity investment, and included in the shareholder's equity. The shareholder's equity will be transferred into investment income or loss on the proportionate basis for disposal of the long-term equity investments.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

③Acqusition of non-controlling interests

When preparing consolidated financial statements, the difference of the net assets between the increased long-term equity investments arising from acquiring non-controlling interests and the revised shareholdings based on the acquisition date of the subsidiaries will be adjusted to the capital reserve. Retained earnings will be adjusted if the difference exceeds capital reserve.

④Disposal of long-term equity investments

In the consolidated financial statements, the difference between the proceeds from disposal of long-term equity investments and net assets of the subsidiaries will be adjusted to the shareholder’s equity if the parent does not lose control, otherwise refers to Note 4.4.2“Accounting policies for ‘Accounting for consolidated financial statements’.

The difference between book value and the proceeds from disposal of long-term equity investments will be recognized into the profit or loss if the disposal arising from other situations.The other comprehensive income arising from equity method under the shareholder’s equity should be accounted for on the basis of the disposal of investee’s assets or liabilities.For the remaining shareholdings, the book value should be recognized as lon-term investments or other relevant financial assets and continue to be accounted for in compliance with the noted accounting standards. For the transfer from cost method to equity method, retrospective adjustments are required.

(3)Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

(4)Methods of impairment assessment and determining the provision for impairment loss

The Company reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

4.15Joint arrangement

Joint arrangeents refers to the arrangement of the joint control by two or more than two parties. The company divides into joint operation and joint venture based on the rights and obligations in the arrangement. Joint operation A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The company accounts for the joint ventures on the equity method, referring to Note 4.14(2)② Long-term equity investments by equity method.

The company as the joint venture recognizes the assets and liabilities held by the company and the jointly-held assets and liabilities based on the company’s shares; recognizing the income generated by the company and the proportionate income by the joint operation; recognizing the expenses generated by the company and proportionate expenses by the joint operation.

The company as the joint venture disposes or sells assets to the joint operation (the assets does not structure business, same to below), or purchases assets from joint operation, only the profit or loss attributable to the other parties in the joint control is recognized before resold to the third party. If the asset fulfills <China Accounting Standards 8 – Impairment>, the company shall fully recognize the impairment loss for the joint disposal or sales conditionl and portionately recognize the impairment loss for the joint acquisition of assets.

4.16Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, including a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out. If certain properties are partly held to earn rentals or for capital appreciation, partly for own use and could be measured separately and sold, the part for rental earning and capital appreciation should be recognized as investment properties; otherwise fully recognized as self-owned properties.

The Company uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

4.17Fixed assets and Construction in progress

Recognition criteria for fixed assets: The company recognizes fixed assets as the tangible assets held for operations, which will last more than one financial year with above RMB 2,000.

The initial recognition of fixed assets is recorded at cost. The costs of purchased fixed assets include purchase price, related taxes, directly attributable costs such as transportation fee, installation fee and professional fee; The costs of self-constructed fixed assets include any necessary costs prior to its intended use status.Subsequent repair and maintenance is recorded into profit or loss.

Depreciation policy：The company adopts straight-line method for depreciation。The estimated useful life and residual value rate for each fixed assets are as follows:

Category	Estimated useful	Residual value rate	Annual depreciation
Plant and building	20 years	1.00	4.95
Electronic and communication equipment	4 years	1.00	24.75
Office and other equipment	3 years	1.00	33.00
Transportation facilities	5 years	1.00	19.80

The subsequent expenditures such as renewal or improvement could be capitalized to the cost of fixed assets if the future economic benefits could be increased. The subsitutes will deduct the book value of the fixed assets.

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, [borrowing costs capitalised before it is ready for intended use] and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The construction in progress reaching the intended use status but not completed yet is recognized as fixed assets at estimated valuation and depciated; Once it is completed, the difference is adjusted to the estimated valuation, but depreciation is not adjusted. The company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

4.18Intangible assets

(1)Intangible assets mainly include software use rights and trading seats, etc.

(2)When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life，An intangible asset with an indefinite useful life is not amortised. Based on the intangible assets status and estimated useful life, the following accounting estimates are provided for amortization period and methods

①Software use rights is measured at actual cost and amortized over 2 years by straight-line method.

②Trading seats is measured at actual cost and amortized over 5 year by straight-line method.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

(3)Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually；If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

4.19Goodwill

Goodwill arises from the business combination under the non-common control, where the consideration transferred exceeds the shares in the net identifiable assets of the acquire. The goodwill is measured at initial cost less accumulated impairment loss and not amortized. Impairment shall be tested annually.

4.20Long-term prepaid expenses

Long-term prepaid expenses should be recognized at cost and amortised using the straight-line method over the expected periods in which benefits are derived.

4.21Impairment of assets

If the recoverable amount of the assets is less than the carrying amount, the deficit is accounted for as an impairment loss, which mainly includes fixed assets, intangible assets, construction-in-progree, long-term equity investments in subsidiaries and associates, etc.

The recoverable amount is measured at the higher of the net amount of fair value less disposal charges and the present value of the assets.

If there is any indication for impairment at the balance sheet date, the impairment test is required.

Impairment test is required annually for goodwill and intangible assets with infinite useful life, irrespective of whether there is any indication that the assets may be impaired.

The impairment loss is charged to the profit or loss and corresponding provision is made.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

4.22Hedge accounting

To efficiently manage the risk, the company could opt financial instrument meeting the criteria of hedging and adopts hedge accounting for treatment.

An entity may choose to designate a hedging relationship between a hedging instrument and a hedged item and the strategies between risk management portfolio and hedging transactions at the beginning. Besides, the company shall continue to assess the efficiency of the hedging to ascertain the highly efficiency of the relationship between a hedging instrument and a hedged item.

For the derivatives recognized as fair-value hedging, the gain or loss arising from the changes in fair value is charged to profit or loss. The gain or loss arising from the hedged item and the hedging risk is charged to profit or loss and adjusted to the book value

The hedge accounting is terminated when the company cancels the hedging relationship, the hedging instruments are due or sold, contracts are terminated or conducted or it no longer fulfills the criteria of hedgie accounting.

4.23Employee benefits

The employee benefits mainly include short-term staff compensation, post-resignation benefits and dismissal benefits. Including: Short-term staff compensation include salaries and wages, bonus, allowances and subsidies, staff benefits, medical insurance, maternity insurance, work-injury insurance, housing funds, union funds, staff education funds and non-monetary benefits, etc. The company recognizes liability for the short-term staff compensation incurring during the financial year with the corresponding costs in the profit or loss. The non-monetary benefits is measured at fair value.

Post-resignation benefits mainly include defined contribution plan, which includes basic pension, unemployment insurance, etc. The corresponding transactions incurring during the financial year is charged to the profit or loss.

Staff benefits are disclosed based on actual costs if within 14% of total staff salaries, mainly used in the collective staff benfits. Staff education funds are disclosed based on actual costs if within 2.5% of the total staff salaries, mainly used in staff education and training. Union funds are disclosed based on actual costs if within 2% of total staff salaries, mainly used in staff union.

The termination of labor relation prior to the expiration of labor contracts, or the encouragement for the voluntary acceptance of the staff redundancy for compensation will be recognized as a provision and charged in the profit or loss if the company has made official labor relation termination plan or put forward voluntary dismissal suggestion and unable to cancel the plan unilaterally.

4.24Provision

(1)Recognition criteria

Provision is recognized if the company has the external guarantee, pending litigation, product quality assurance, layoff plan, onerous contracts, restructuring obligation and dismantling of fixed assets , etc and fulfills the following criteria:

①an entity has a present obligation (legal or constructive) as a result of a past event

②an entity has a present obligation (legal or constructive) as a result of a past event

③a reliable estimate can be made of the amount of the obligation.

(2)Measurement

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows. The carrying amount shall be reviewed at each balance sheet date. If there is any indication that the carrying amount does not reflect the best estimation, adjustment shall be adjusted to the current best estimation.

4.25Revenue recognition

（1）The commission revenue could be recognized if the following criteria are met;

①Relevant services are completed;

②It could be measured reliably;

③Relevant economic benefits are expected to flow into the entity.

（2）The revenue shall be recognized for the followings：-

①Commission revenue for transacting securities for client shall be recognized if the receipts of relevant services could be measured reliably;

②Underwriting revenue shall be recognized if the receipts of underwriting could be measured reliably. For full amount underwriting of the securities issuance, the revenue shall be recognized when the securities are resold to the investors at the issue price less purchase price and related issue costs; For balance amount underwriting of the securities issuance, the revenue shall be recognized after the issuance and related services have been completed at the portion of actual underwriting amount or underwriting contract; For agent underwriting, the revenue shall be recognized after the issuance at the settlement amount witht the issuers.

③The consigned asset management business shall be recognized at the contracted terms, including:-

Directed asset management shall be recognized when the contract is due at the portion of the company's share settled in accordance with the contracts; If the company charges management fee by proportion listed in the contracts, the management income will be recognized over the contract period.

Collective asset management revenue shall be recognized on the accrual basis and contracts.

④Interest revenue shall be recognized based on the contracted time and actual rate, with the reliable measurement and certainty of economic benefits inflow. Dividend income is recognized when the shareholders have the rights to receive the dividends.

⑤Investment and consultancy income are recognized when related services have been provided and could be measured reliably.

⑥Other business income is the income arising from other operating activities except for the main business activities and is recognized when the relevant services are completed in accordance with the contracts.

4.26Leases

Lease refers to the agreement that the lessor lends the property use rights to the lessee within the agreed period for rental income. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income arising from operating lease shall be recognized over the leasing period on straight-line basis.

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognises a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognised finance charge. Unrecognised finance charges are recognised as finance charge for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred. The net amount of minimum lease payments less unrecognised finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

4.27Government grant

(1)A government grant is recognised only when

①the Company can comply with the conditions attaching to the grant and;

②the Company will receive the grant.

(2)Measurement

①If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. [If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount (RMB 1.00) is recognised immediately in profit or loss for the period.]

②A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, the government grant at a nominal amount is recognized in profit or loss. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

③For repayment of a government grant already recognised, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

4.28Tax income

(1)Deferred tax assets/ deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those item that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

(2)Tax expense

Tax expenses include current tax and deferred tax.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in [shareholders' / owners'] equity, in which case they are recognised in other comprehensive income or in [shareholders' / owners'] equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

4.29 Profit distribution

Based on the company's articles of association and regulator's rules, the profits will be distributed on the following subsequence:-

(1)To recover the prior years' losses;

(2)Based on the <Company Act>, 10% statutory reserve funds should be accrued; Based on the <Securities Act>, <Financial Enterprise Financial Rules> and <About 2007 Annual Report for Securities Companies> (Zheng Jian Ji Gou Zi [2007] No.320), general risk reserve shall be provided out of 10% of current profits and transaction risk reserve out shall be provided out of 10% of current profits for the recovery of transaction losses.

(3)Distribution of remaining profits based on the board of directors' resolution

The company's reserve is used for the recovery of losses, enlarge the operating business or increase the share capital. However, the capital reserve could not be used for the recovery of losses. If the accumulated statutory reserve funds has been above 50% of the share capital, no more funds are required to be provided. When the statutory reserve funds are transferred to share capital, the remaining shall not be less than 25% of original share capital before transfer.

4.30Segment reporting

The reporting segments are determined based on the Group's internal organisation structure, management requirements and internal reporting system and relevant segmental information is disclosed.

An operating segment is a component of an entity:

(1)that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (2)whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(3)for which discrete financial information is available. If two or more operating segmens have the similar economic identities and fulfill certain criteria, the company could consider them as one segment.

4.31Changes in accounting policies and accounting estimates

(1)Changes in accounting policies

①Changes in accounting policies by the adoption of new standards

The new standards (Cai Kuai [2014]No.6, No.7, No.8, No.10, No.11, No.14 and No. 16) issued by the Finance Ministry at the beginning of 2014 require all the companies adopting China Accounting Standards and encourage overseas listed companies to take effect since 1 July 2014. Relevant standards are <China Accounting Standards 39 – Fair Value Measurement>, <China Accounting Standards 30 – Presentation of Financial Statements (2014 Revised)>, <China Accounting Standards 9 – Employee Benefits (2014 Revised)>, <China Accounting Standards 33 – Consolidated Financial Statements (2014 Revised)>, <China Accounting Standards 40 – Joint Arrangement>, <China Accounting Standards 2 – Long-term Equity Investment (2014 Revised)> and <China Accounting Standards 41 – Disclosures of Equities in Other Entities>. Meanwhile, the Finance Ministry issued Cai Kuai [2014] No.23 <China Accounting Standards 370 –Presentation of Financial Instruments (2014 Revised)> ('Financial instruments presentation standards'), requiring the presentation of financing instruments to be in comformity this standards since the annual report of 2014.

By the approval of formal adoption of newly issued or revised China Accounting Standards on the 11th meeting of the 3rd Borad of Directors Meeting, relevant adjustments are made since 1 July 2014 and the details are as follows:-

Standards	Content and explanation of the changes in accounting policies	Financial statements effects on 1 Jan 2013 and 2014	
		Item	Item
《China Accounting Standards 2——Long-term Equity Investment（2014 Revised）》	In accordance with <China Accounting Standards 2 – Long-term Equity Investment (2014 Revised)>, Long-term equity investments refers to the euiqty investments over the investees with control or significant influence and the joint control. For the long-term equity investments without control, joint control and significant influence and there is no fair value in the active market or the fair value could not be measured reliably, it should be treated as 'Available-for-sale financial assets'. The management considers the original RMB 1.4 million under the long-term equity investments over the futures membership fulfills the terms of ' For the long-term equity investments without control, joint control and significant influence and there is no fair value in the active market or the fair value could not be measured reliably, it should be treated as 'Available-for-sale financial assets' under < China Accounting Standards 2 – Long-term Equity Investment (2014 Revised)>, the company retrospectively adjusted the accounting treatment and restate the comparative figures of the opening balance on 1 Jan 2012 and 31 Dec 2012.	Available-for-sale financial assets	1,400,000.00
		Long-term equity investment	-1,400,000.00

②Other changes in accounting policies

No other changes in accounting policies during the year.

(2)Changes in accounting estimates

The following changes in accounting estimates incurred during the year:

Description, reason and timing of the changes in accounting estimates	Approval	Financial Statements Item	Amount affected
Margin trading and stock-pledge business grew rapidly since 2014,the company started to provide 0.50% allowances of the	The change in accounting estimate	Fund-lending	-45,982,575.09
		Buy-back resale financial assets	-6,050,239.00

fund-lending and stock-pledge repurchase balances since 2014, with the reference to the peer companies for the reflection of risk status and compliance with prudence concept.	was approved on the 12th meeting of the 3rd board meeting.	Impairment loss	52,032,814.09

5.TAXATION

5.1Type of tax and related tax rates

Taxes	Details
Business tax	5% on the basis of turnover
Urban construction and maintenance tax	7% or 5% on the basis of business tax
Education funds and surcharge and local education funds and surcharge	3%, 2% or 1% on the basis of business tax
Enterprise tax	Based on the <Enterprise income tax> since 1 Jan 2008, the tax rate of enterprise income tax is 25%.

5.2Business tax: Based on ‘The notification of the decrease of business tax rate in the finance and insurance sector by the Finance Ministry and the State Tax Authority’(Cai Shui [2001] No.21), the business tax is calculated on the turnover at 5% since 1 Jan 2003.

Based on ‘The notification of the business tax policy in the capital market’(Cai Shui [2004] No.203, the following fees charged on behalf are allowed to be deduceted from the taxable turnover:-

(1)Securities monitoring fee for the Securities Exchange;

(2)Commission for the Securities Exchange;

(3)Shareholders’ account opening charge (including A shares and B shares), Special transfer account opening charge, transfer fees, B shares clearing fees and entrusted management transfer fees for the China Securities Depository and Clearing Corporation Limited

Based on the ‘Notifications of business tax related to protection funds by securities investors by the Finance Ministry and the State Tax Regulators’(Cai Shui [2006] No.172), the protection funds by securities investors are allowed to be deducted from the taxable turnover.

5.3Enteriprise income tax: The operating departments declare the enterprise income tax together with the headquarter at 25%.

5.4Urban construction and maintenance tax is calculated at 7% or 5% on the basis of business tax

5.5Education funds and surcharge and local education funds and surcharge are calculated at 3%, 2% or 1% on the basis of business tax respectively.

5.6Vehicle use tax, property tax and stamp duty, etc are declared in compliance with tax laws.

6.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes item (contains the company’s financial statements) unless otherwise noted,opening balance indicated 31/12/2013，closing balance indicated 31/12/2014.

6.1Cash and bank

(1)Classification of categories

Item	Closing balance	Opening balance
Cash on hand	33,187.49	22,260.57
Cash in bank	10,435,813,042.24	4,798,822,413.30
Including: Customer deposits	7,340,316,522.16	4,022,527,655.52
Company deposits	3,095,496,520.08	776,294,757.78
Other monetary funds	6,206,293.37	

Total	10,442,052,523.10	4,798,844,673.87

(2)Classification of currency

Item	Closing balance			Opening balance		
	Foreign currency amount	Exchange rate	RMB amount	Foreign currency amount	Exchange rate	RMB amount
Cash on hands			33,187.49			22,260.57
Renminbi			33,187.49			22,260.57
Customer deposits						
Renminbi			6,258,364,115.64			3,695,537,943.6
HK dollar	9,281,931.4	0.7889	7,323,112.20	9,422,293.2	0.7863	7,408,773.22
US dollar	2,507,922.9	6.1190	15,346,015.78	2,311,129.9	6.0969	14,090,764.80
Sub-total			6,281,033,243.62			3,717,037,481.7
Customer credit capital deposits						
Renminbi			1,059,283,278.54			305,490,173.82
Sub-total			1,059,283,278.54			305,490,173.82
Customer deposits in Total			7,340,316,522.16			4,022,527,655.52
Company's own capital deposit						
Including:Renminbi			2,869,958,093.18			651,071,214.34
HK dollar	2.76	0.7889	2.18	4.32	0.7863	3.39
US dollar	1,015,790.6	6.1190	6,215,622.93	1,004,611.7	6.0969	6,125,017.27
Sub-total			2,876,173,718.29			657,196,235.00
Company credit fund deposit:						
Renminbi			219,322,801.79			119,098,522.78
Sub-total			219,322,801.79			119,098,522.78
Company deposit in total：			3,095,496,520.08			776,294,757.78
Other monetary funds:						
Renminbi			6,206,293.37			

Sub-Total			6,206,293.37			
Total			10,442,052,523.1			4,798,844,673.8

6.2Clearing settlement funds

(1)Classification of categories

Item	Closing balance	Opening balance
Customer reserve	3,350,612,909.21	891,847,163.43
Owner reserve	570,774,342.01	45,604,757.51
Total	3,921,387,251.22	937,451,920.94

(2)Classification of currency

Item	Closing balance			Opening balance		
	Foreign currency amount	Exchange rate	Foreign currency amount	Foreign currency amount	Exchange rate	Foreign currency amount
Customer common reserve:						
Including: Renminbi			2,960,533,989.91			730,460,402.86
HK dollar	11,798,337.61	0.7889	9,307,354.62	21,747,432.58	0.7863	17,098,483.92
US dollar	3,212,990.78	6.1190	19,660,290.58	3,222,044.55	6.0969	19,644,483.42
Sub-Total			2,989,501,635.11			767,203,370.20
Customer credit reserve						
Including:Renminbi			361,111,274.10			124,643,793.23
Sub-Total			361,111,274.10			124,643,793.23
Customer settlement reserve in total:			3,350,612,909.21			891,847,163.43
Company own reserve:						
Including:Renminbi			570,774,342.01			45,604,757.51
Sub-Total			570,774,342.01			45,604,757.51
Company settlement reserve			570,774,342.01			45,604,757.51
Total			3,921,387,251.22			937,451,920.94

6.3Margin accounts

(1)Classification of categories

Item	Closing balance	Opening balance
Funds provided for securities margin trading service	9,196,515,017.23	2,936,648,692.59
Less: Impairment	45,982,575.09	
Net providing funds	9,150,532,442.14	2,936,648,692.59
Total	9,150,532,442.14	2,936,648,692.59

(2)Classification of financing participant

Item	Closing balance	Opening balance
Individual	9,055,495,327.90	2,930,674,049.32
Institution	95,037,114.24	5,974,643.27
Total	9,150,532,442.14	2,936,648,692.59

(3)Ageing analysis

Ageing	Closing balance				Opening balance			
	Carrying amount		Provision		Carrying amount		Provision	
	Amounts	Percentage (%)	Amounts	Percentage (%)	Amounts	Percentage (%)	Amounts	Percentage (%)
Within 3 months	672,850,128.44	7.32	3,364,250.64	0.50	600,440,318.28	20.45		
3 to 6 months	8,523,664,888.79	92.68	42,618,324.45	0.50	2,336,208,374.31	79.55		
Above 6 months								
Total	9,196,515,017.23	100.00	45,982,575.09	0.50	2,936,648,692.59	100.00		

(4)The customer provide guaranty to the company

Categories	Fair value at the year end	Fair value at the beginning of the year	Cut-off issue
Fund	1,259,185,588.54	315,490,172.82	No
Debenture	3,978,641.82	8,538,273.50	No
Stock	23,203,756,410.39	7,558,353,609.05	No
Others	137,631,663.02	21,146,179.96	No
Total	24,604,552,303.77	7,903,528,235.33	

Note: The above guaranty are related to the providing funds and securities

6.4Financial assets measured at the fair value through profit or loss

(1)Classification of Asset categories

Item	Closing balance		Opening balance		Changes in fair value of the amount
	Cost	Fair value	Cost	Fair value	
Investment in trading equity	431,457,150.65	428,691,137.94	24,037,670.33	25,224,772.42	-3,953,114.80
Investment in Transactiona	639,978,642.05	640,638,037.97	930,000,000.00	930,247,785.69	411,610.23
Bank financial products	121,000,000.00	121,000,000.00			
Total	1,192,435,792.70	1,190,329,175.91	954,037,670.33	955,472,558.11	-3,541,504.57

(2)Listed on classified methods

Item	Closing balance			Opening balance		
	Financial assets held for trading purpose	Financial assets designated as at fair value and through profit and loss	Total	Financial assets held for trading purpose	Financial assets designated as at fair value and through profit and loss	Total
Investment in trading equity instrument	428,691,137.94		428,691,137.94	25,224,772.42		25,224,772.42
Investment in Transactional monetary fund	640,638,037.97		640,638,037.97	930,247,785.69		930,247,785.69
Bank financial product	121,000,000.00		121,000,000.00			
Total	1,190,329,175.91		1,190,329,175.91	955,472,558.11		955,472,558.11

Note: As at December 31,2014, the company not use the limited and transactional financial asset as a securities lending object for providing funds.

6.5Derivative financial assets

Item	Closing balance				Opening balance			
	Hedging instrument		Non-hedging instrument		Hedging instrument		Non-hedging instrument	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Stock index future			124,561,080.00					
Commodity future			29,416,080.00					
Total			153,977,160.00					

Under non-debt settlement system in 31 December 2014, all the position of the profit and loss generated by future contract are settled and also including in the amount of the deposit reservation.

6.6Financial assets held under resale agreements

(1)Classifed by nature

Item	Closing balance	Opening balance
Stock	1,210,717,587.00	250,198,125.00
Debenture	2,196,584,956.87	1,390,226,979.20
Less: provision for impairment	6,050,239.00	
Total	3,401,252,304.87	1,640,425,104.20

(2)Classifed by the type of the business

Item	Closing balance	Opening balance
Agreed repurchase type securities	669,788.00	8,578,125.00
Stock pledged repo transaction	1,210,047,799.00	241,620,000.00
Debenture reverse of repurchase	2,196,584,956.87	1,390,226,979.20
Less：provision for impairment	6,050,239.00	
Total	3,401,252,304.87	1,640,425,104.20

(3)Agreed repurchase, stock pledged repo transaction of providing funds classifed by residual maturity

Item	Closing balance	Opening balance

Within one month	23,123,100.00	5,630,492.00
1 to 3 month	45,244,888.00	
3 month to 1 year	856,349,599.00	237,567,633.00
Above 1 year	286,000,000.00	7,000,000.00
Total	1,210,717,587.00	250,198,125.00

6.7Accounts receivable

(1)Catergorise and disclosure of accounts receivable

Item	Closing balance	Opening balance
Account receivable- business income	9,282,381.30	6,710,240.88
Payment in advance	12,160,213.86	17,812,773.35
Deposit receivable	8,363,774.73	5,928,172.95
Securities margin trading receivable from customer	1,483,862.58	1,483,862.58
Other	14,983,262.30	4,461,589.14
Total	46,273,494.77	36,396,638.90
Less：provision for impairment	1,483,862.58	1,483,862.58
Book value on account receivable	44,789,632.19	34,912,776.32

(2)Accounts receivable listed by valuation approach

Item	Closing balance			
	Book value		Provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Individual significant and provisioned accounts receiable item				
Individually not significant but individual provisioned receiable item	1,483,862.58	3.21	1,483,862.58	100.00
Receivable group with credit risk characteristics	44,789,632.19	96.79		
Total	46,273,494.77	100.00	1,483,862.58	3.21

(Continued)

Item	Opening			
	Account receivable		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)

Individually significant and with bad debt provided accounts receivable				
Individually not significant but with bad debt provided receivable item	1,483,862.58	4.08	1,483,862.58	100.00
Receivable group with credit risk characteristics	34,912,776.32	95.92		
Total	36,396,638.90	100.00	1,483,862.58	4.08

Note: in 2013, company part of the fianancing customer not supplement guaranty which under the agreement in the contract,

In the 2013, our company financing business client did not follow the agreement in the contract to complement guaranty, thus company according to the margin trading and securities lending risk management's regulation to mandatorily close the position and to sell the securities. The proceeds realised did not cover all the debt due, thus, company transfer these outstanding amounts to the account receivable, and estimated the recoverability of these receivables to be uncertainty. Therefore, all these amount are made impairment provision.

(3)Accounts receivable listed by ageing

Ageing	Closing balance			Opening balance		
	Amount	Percentage(%)	Provision	Amount	Percentage(%)	Provision
Within one	33,266,364.45	71.89		28,287,579.41	77.72	1,483,862.58
1 to 3 month	6,607,037.44	14.28	1,483,862.58	1,999,731.95	5.49	
3 month to 1	1,234,675.00	2.67		3,328,429.49	9.14	
Above 1 year	5,165,417.88	11.16		2,780,898.05	7.65	
Total	46,273,494.77	100.00	1,483,862.58	36,396,638.90	100.00	1,483,862.58

(4)Top 5 accounts receivable

Name of Customer	Nature	Closing balance	Percentage(%)
DongXing CaiXing Number 1 specified assets management plan	Asset management fee receivable	2,100,000.00	4.54

Quanzhou Hualian Group Corporation	Rental payment in advance	1,634,166.00	3.53
RuiHui Certified Public Accountant	Audit fee	1,610,000.00	3.48
Hundsun Technologies Inc.	Advance payment on the purchase of assets	1,606,500.00	3.47
UBS Securities Co., Ltd	Listing service fee	1,500,000.00	3.24
Total		8,450,666.00	18.26

6.8Interests receivable

Item	Closing balance	Opening balance
Deposit of interests receivable in other bank	7,990,270.35	2,809,857.57
Interests receivable of debenture holding	106,517,824.25	75,132,391.53
Interests receivable of purchase resale financial asset	23,073,248.50	1,076,589.12
Interests receivable of securities margin trading	65,141,727.58	34,236,724.63
Total	202,723,070.68	113,255,562.85

6.9Refundable deposits

Item	Closing balance	Opening balance
Deposit of common stock trading	330,450,617.36	44,375,520.88
Deposit of credit trading	13,429,316.65	4,856,701.29
Deposit of future trading	673,449,606.18	377,793,230.73
Total	1,017,329,540.19	427,025,452.90

6.10Available-for-sale financial assets

(1)Listed by investment nataure

Item	Closing balance			
	Initial cost	Change in fair value	Provision for impairment	Book value
Stock	5,353,869.95	3,919,288.59		9,273,158.54
Debenture	3,760,378,590.14	-17,500,882.02		3,742,877,708.12

Fund	675,105,370.19	167,303,218.32		842,408,588.51
Asset management	3,181,514,631.77	217,493,774.02	28,585,766.44	3,370,422,639.35
Trust prduct	1,974,818,946.40	186,148,800.29		2,160,967,746.69
Other	2,606,583,270.12	7,832,247.50		2,614,415,517.62
Total	12,203,754,678.57	565,196,446.70	28,585,766.44	12,740,365,358.83

(Continued)

Item	Opening balance			
	Initial cost	Change in fair value	Provision for impairment	Book value
Stock	156,881,817.86	40,018,710.73		196,900,528.59
Debenture	2,621,441,303.54	-35,000,657.20		2,586,440,646.34
Fund	1,344,910,332.79	15,771,784.89		1,360,682,117.68
Asset management	2,670,575,691.01	21,216,658.59	28,585,766.44	2,663,206,583.16
Trust product	2,515,000,000.00	67,338,948.58		2,582,338,948.58
Trust	1,400,000.00			1,400,000.00
Total	9,310,209,145.20	109,345,445.59	28,585,766.44	9,390,968,824.35

Note1: In 31 December 2014, the balance of available for sale financial assets,-fund，which contains margin trading and providing securities, equal with RMB 70,098,991.61, and 2013 equal with RMB 2,056,914.58.

Note2. The company as a manager in July 2010 subscribe large Dongxing No.1 optimizing fund collection asset management plan (here in fter referred to as the large pool plan 1) for 28,585,766.44 unit. As of December 31,2013, Dongxing No.1 unit net value of RMB 0.7760. According to the instruction of set plan, in order to protect the interest of the investors, company set limited for the investment of own funds to participate in the corresponding assets in promote period. In the promotion period share subscription and hold plan with limited compensation liability of the principal for five years.By judging company has its own subscribe part back less likely, has a full provision for impairment loss.

(2)Restricted period of available-for-sales financial assets

No.	Stock code	Name of Security	Fair value	Restricted release day
1	300386	Fei Tian Technology	6,618,470.38	2015-6-26

2	603368	Liuzhou Pharmaceutical	2,654,688.16	2015-12-4

As of 31 December 2014, Debenture repurchase pledge and collateral of refinance securities in total of RMB 1,838,527,978.87 within the Available-for-sale financial assets.

(3)Securities lending

Item	Closing balance		Opening balance	
	Initial cost	Fair value	Initial cost	Fair value
Securities lending				
— Available-for-sale financial assets	67,049,883.00	70,098,991.61	2,038,679.45	2,056,914.58
— To refinance into securties	5,803,022.84	9,262,086.52		
Total	72,852,905.84	79,361,078.13	2,038,679.45	2,056,914.58
Total amount of refinance into securities	8.260.500,00	12,929,000.00		

Note: As of 31 Decemeber 2014，Company securities lending's guaranty contained in notes 6.3.4.

6.11Long-term equity investments

(1)Long-term equity investments by category

Item	Opening balance	Increase	Decrease	Closing balance
Investment on Joint venture	495,661.22		495,661.22	-
Sub-total	495,661.22		495,661.22	-
Less：Provision of impairment				
Total	495,661.22		495,661.22	-

(2)Detail of the long-term equity investment

Name of invested organisation	Accounting treatment	Initial cost of investment	Opening balance	Change	Closing balance

Zhuhai Dongxing-Zhongjia Metropolis Development Investment	Equity method	490,000.00	495,661.22	-495,661.22	-
Total		490,000.00	495,661.22	-495,661.22	-

Note: The Company transferred 49% Zhuhai Dongxing-Zhongjia Metropolis Development Investment Management Co., Ltd's stock rights.

6.12Fixed assets

(1)Carrying Amount

Item	Closing balance	Opening Balance
Original cost- total	468,757,982.99	450,030,246.78
Less：Accumulated depreciation	220,116,224.61	195,266,722.35
Provision for impairment		
Carrying amount - total	248,641,758.38	254,763,524.43

(2)Change in fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
Original cost-Total	450,030,246.78	24,151,537.00	5,423,800.79	468,757,982.99
Plant and building	283,396,714.96			283,396,714.96
Electronic and communication	134,185,476.83	21,529,735.00	5,005,273.76	150,709,938.07
Office and other equipment	10,937,821.72	1,238,708.00	184,905.50	11,991,624.22
Transportation facilities	21,510,233.27	1,383,094.00	233,621.53	22,659,705.74
Accumulated depreciation-Total	195,266,722.35	30,089,690.46	5,240,188.20	220,116,224.61
Plant and building	56,516,418.57	14,050,018.02		70,566,436.59
Electronic and communication	114,311,822.02	11,961,615.47	4,824,256.27	121,449,181.22
Office and other equipment	9,255,595.92	1,448,098.07	184,646.62	10,519,047.37
Transportation facilities	15,182,885.84	2,629,958.90	231,285.31	17,581,559.43

Provision for impairment-Total				
Plant and building				
Electronic and communication				
Office and other equipment				
Transportation facilities				
Carrying amount-Total	254,763,524.43			248,641,758.38
Plant and building	226,880,296.39			212,830,278.37
Electronic and communication	19,873,654.81			29,260,756.85
Office and other equipment	1,682,225.80			1,472,576.85
Transportation facilities	6,327,347.43			5,078,146.31

(3)As of 31 December 2014, there was no fixed asset's carrying amount higher than the recoverable amount's condition.

(4)As of 31 Decemeber 2014, there was part of the real estate was been dealt with land ownership certificate, and the oringial value were equal with RMB 11,406,679.30.

6.13Intangible assets

(1)Detail in intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
Original cost- Total	64,338,187.04	18,442,075.00	10,740.00	82,769,522.04
Software	44,488,187.04	18,442,075.00	10,740.00	62,919,522.04
Trading desks	19,850,000.00			19,850,000.00
Accumulated amortization- Total	50,425,733.00	10,536,390.09	10,740.00	60,951,383.09
Software	30,605,733.00	10,506,390.09	10,740.00	41,101,383.09
Trading desks	19,820,000.00	30,000.00		19,850,000.00
Provision for impairment - Total				
Software				

Trading desks				
Carrying amount	13,912,454.04			21,818,138.95
Software	13,882,454.04			21,818,138.95
Trading desks	30,000.00			-

(2)As of 31 December 2014, there was no intangible asset carrying amount higher than the recoverable amount's condition, and there were no intangible assets for mortgage or guarantee.

6.14Goodwill

Name of invested organisation	Opening balance	Increase	Decrease	Closing balance	Impairment
Dongxing Futures Co., Ltd	20,000,000.00			20,000,000.00	
Total	20,000,000.00			20,000,000.00	

Note: In 15 December 2008, the original named Pengda Futures Brokers Co., Ltd (now renamed as Dongxing Futures Co., Ltd) the original shareholders Penglai Pengda Real Estate Development Co., Ltd, Shandong Pengda Ltd, Penglai City Huaxin Construction Engineering Co., Ltd and Yantai Sea Foley Supermarket Co. Ltd signed equity transfer contract with us, and also transferred whole share of Pengda futures brokerage Co., Ltd to us respectively.

In 13 May 2009, approved by the Shandong province administration for industry and commerce. Pengda futures brokerage Co., Ltd deal with the equity alteration registration formalities and also changed its name to Dongxing Futures Co., Ltd simultaneously.

Formation of the goodwill shown below：

Dongxing Futures Co., Ltd identifiable assets and liabilities on the combination date of the fair value and book value is as follows:

Item	Fair value in 13, May 2009	Book value in 13, May 2009
Cost of acquisition	70,306,355.56	
The amount of identifiable net assets on the acquisition date	50,306,355.56	50,364,241.28
Goodwill	20,000,000.00	

6.15Deferred tax assets/deferred tax liabilities

(1)Details of deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductiable temporary difference and losses	Deferred tax assets	Deductiable temporary difference and losses
Difference on intaginable asset amortization life	557,371.60	2,229,486.40	1,046,121.60	4,184,486.39
Difference on long term prepaid expense amortization life	369,724.98	1,478,899.92	528,178.54	2,112,714.18
Changes in fair value of trading financial assets	1,160,945.27	4,643,781.08		
Balance of unpaid wages	170,787,087.84	683,148,351.37	129,679,022.35	518,716,089.41
Subsidies for financial firm to buy business housing	674,053.50	2,696,214.00	727,268.25	2,909,073.00
Provision for asset impairment	19,753,110.78	79,012,443.11	7,517,407.26	30,069,629.02
Total	193,302,293.97	773,209,175.88	139,497,998.00	557,991,992.00

(2)Details of deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Changes in the fair value of the tradable financial assets	589,141.48	2,356,565.93	358,721.94	1,434,887.78
Change in fair value of available for sale financial assets through other	141,299,111.69	565,196,446.70	27,336,361.40	109,345,445.59

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
comprehensive income				
Belongs to the special purpose of coprporate undistributed profit	4,596,933.82	18,387,735.29		
Total	146,485,186.99	585,940,747.92	27,695,083.34	110,780,333.37

6.16Other assets

(1)Details in other assets

Item	Opening balance	Closing balance
Long term prepaid expense	12,625,179.99	12,107,914.90
Total	12,625,179.99	12,107,914.90

(2)Long term prepaid expense

Item	Opening balance	Increase	Amortised amount	Decrease	Closing balance	Reason for
Renovation	12,107,914.90	8,965,405.00	8,448,139.91		12,625,179.99	
Total	12,107,914.90	8,965,405.00	8,448,139.91		12,625,179.99	

6.17Statement of change in provision for asset impairment

Item	Opening balance	Increase	Decrease		Closing balance
			reverse	Resold	
Bad debt provision for account receivable	1,483,862.58				1,483,862.58
Bad debt provision for funds lending		45,982,575.09			45,982,575.09
Impairment provision for available for sale financial assets	28,585,766.44				28,585,766.44
Provision of impairment in Shares pledged repo purchase of resld		6,050,239.00			6,050,239.00
Total	30,069,629.02	52,032,814.09			82,102,443.11

6.18Short term borrowing

(1)Classification of short-term borrowing

Item	Closing balance	Opening balance
Credit loans	5,030,000,000.00	5,130,000,000.00
Total	5,030,000,000.00	5,130,000,000.00

Note1: In 2012, China Orient Asset Management Corporation, China CITIC Bank - Head office department and our companies subsidiary Dongxing Securities Investment Co., Ltd, three parties sign xinyinguanwei no.126 [2012]entrust loan contract,and agree the loan limited are RMB 7.5 billion as restriction to providing entrust loans to Dongxing Securities Investment Co., Ltd, and the execution period starting time form the 02 July 2012 to 01 July 2013, relevant loan interest rate are 5.80%, based on the market condition of the funds，the loan interest rate adjusted to 6% in 02 July 2013. Until the 31 December 2014,the short term loan balance are RMB 4.53 billion.

Note2: there are RMB 500 million of credit loan balance are related to a six -month short term borrowing for the huaxia bank, the loan rates by 5.04%.

Note3:There are no outstanding loan end of this period.

6.19Short-term financing payables

Name of bond	Opening balance	Increase	Decrease	Closing balance
13 dongxing CP02	520,000,000.00		520,000,000.00	
13 dongxing CP03	500,000,000.00		500,000,000.00	
14 dongxing CP001		600,000,000.00	600,000,000.00	
14 dongxing CP002		600,000,000.00	600,000,000.00	
14 dongxing CP003		600,000,000.00	600,000,000.00	
14 dongxing CP004		600,000,000.00	600,000,000.00	
14 dongxing CP005		800,000,000.00	800,000,000.00	
14 dongxing CP006		600,000,000.00	600,000,000.00	
14 dongxing CP007		1,000,000,000.00	1,000,000,000.00	
14 dongxing CP008		1,000,000,000.00		1,000,000,000.00
Total	1,020,000,000.00	5,800,000,000.00	5,820,000,000.00	1,000,000,000.00

(Continued)

Name of bond	Nominal value	Date of issue	Expire date	Issue amount	Nominal rate
14 dongxing CP008	100.00	2014-12-18	2015-3-19	1,000,000,000.00	6.19%
Total				1,000,000,000.00	

Note: By the end of the fiscal year, there are 1 billion short-term financing bond not yet due.

6.20Due to bank and other financial institutions

Item	Closing balance	Opening balance
Due to bank	800,000,000.00	300,000,000.00
Refinancing into funds	1,637,000,000.00	46,000,000.00
Total	2,437,000,000.00	346,000,000.00

6.21Financial assets sold under repurchase agreements

(1)Securities category

Category	Closing balance	Opening balance
Corporate bonds	3,647,391,368.92	2,132,089,047.70
Other	6,700,000,000.00	300,000,000.00
Total	10,347,391,368.92	2,432,089,047.70

(2)Listed by business category

Category	Closing balance	Opening balance
Bond buy backs	3,647,391,368.92	2,132,089,047.70
Margin trading and securities lending Transfer of creditor's right to repurchase	6,700,000,000.00	300,000,000.00
Total	10,347,391,368.92	2,432,089,047.70

6.22Angency Securities

Item	Closing balance	Opening balance
Common brokerage service		
Individual customers	8,681,390,675.65	4,354,717,671.09
Institutional client	882,858,722.84	461,709,991.71
Sub-total	9,564,249,398.49	4,816,427,662.80
Credit service		

Individual customers	1,257,274,965.52	315,475,708.22
Institutional client	1,910,623.02	14,465.60
Sub-total	1,259,185,588.54	315,490,173.82
Total	10,823,434,987.03	5,131,917,836.62

6.23Funds payable to securities issuers

Item	Closing balance	Opening balance
Bond:		150,000,000.00
including:National debt		
Financal bond		
Private placement bond		150,000,000.00
Total		150,000,000.00

6.24Employee benefits

(1)Employee beneefits

Item	Closing balance	Opening balance
Wages,bonuses,allowances and subsidies	683,148,351.37	518,716,089.41
Social insurance charge	1,049,756.53	1,027,804.01
Housing fund	40,377.63	63,567.63
Labor union expendiure	27,734.46	4,350.48
Total	684,266,219.99	519,811,811.53

6.25Tax payable

Item	Closing balance	Opening balance
Business tax	25,955,453.91	13,700,655.94
Corporate income tax	99,381,475.19	61,650,773.45
Withholding individual income tax	7,240,541.01	4,080,151.23
Urban construction tax	1,748,976.68	932,255.80
Educational and local educational expense and surcharge	1,328,823.87	716,076.80
Other taxes	289,219.87	181,951.45
Total	135,944,490.53	81,261,864.67

6.26Accounts payable

Ageing	Closing balance		Opening balance	
	Balance	Percentage(%)	Balance	Percentage(%)
Within the 1 year	526,874,745.15	98.82	89,684,388.23	96.73
1 to 2 year	4,594,522.49	0.86	481,244.17	0.52
2 to 3 year	222,872.53	0.04	857,497.23	0.92
Above 3 year	1,448,954.46	0.28	1,688,443.41	1.83
Total	533,141,094.63	100.00	92,711,573.04	100.00

6.27Interests payable

Item	Closing balance	Opening balance
Interest from customer'transaction settlement of funds	1,806,154.32	564,149.73
Short term loan interest	9,075,000.01	9,405,000.01
Due to other financial institutions	31,722,596.97	125,684.93
Including:Refinancing into funds	31,444,377.79	123,506.85
Interest from short-term financing bonds payable	2,204,657.53	7,208,219.18
Interest from sold for repurchase	21,427,980.13	3,910,030.47
Interest from subordinated debentures	54,253,315.07	4,113,698.63
Others	819,294.88	
Total	121,308,998.91	25,326,782.95

6.28Bonds payable

Name of bond	Opening balance	Increase	Decrease	Closing balance
13 Dongxing 01	660,000,000.00			660,000,000.00
13 Dongxing 02		450,000,000.00		450,000,000.00
13 Dongxing 03		390,000,000.00		390,000,000.00
14 Dongxing 01		500,000,000.00		500,000,000.00
Total	660,000,000.00	1,340,000,000.00		2,000,000,000.00

(Continued)

Name of bond	Nominal value	Issue date	Expire date	Issue amount	Nominal rate
13 Dongxing01	100.00	2013-11-27	2016-11-27	660,000,000.00	6.50%
13 Dongxing 02	100.00	2014-3-10	2017-3-10	450,000,000.00	7.30%
13 Dongxing 03	100.00	2014-3-24	2017-3-24	390,000,000.00	7.30%

14 Dongxing 01	100.00	2014-12-17	2016-12-17	500,000,000.00	6.50%
Total				2,000,000,000.00	

6.29Other liabilities

(1)Other liabilities classification

Item	Closing balance	Opening balance
Deferred income	2,696,214.00	2,909,073.00
Risk reserve of future contract	4,617,862.66	3,457,358.93
Others	1,905,549,192.75	
Total	1,912,863,269.41	6,366,431.93

Note: Others imply the holder of the rights and interests in payable with special purpose.

(2)Deferred income

Item	Opening balance	Increase	Decrease	Closing balance
Subsidies for financial enterprice to buy business housing	2,909,073.00		212,859.00	2,696,214.00
Total	2,909,073.00		212,859.00	2,696,214.00

According to the Beijing municipal development and reform committee on February 16, 2005, issued the jing fa gai [2005] No.197“To promote the development of capital financial industry change opinion”.Company applied for and received from the Beijing xicheng district bureau issued subsidies of RMB 4,257,180.00 for the financial enterprise purchase of business housing purpose, the amortization time are 20 years.

6.30Paid-in-capital

Investor	Opening balance	Increase	Decrease	Closing balance	Percentage(%)
China Orient Asset Management Corporation	1,500,000,000.00			1,500,000,000.00	74.850
Shanghai Guosheng Asset Co., Ltd	100,000,000.00			100,000,000.00	4.990

Investor	Opening balance	Increase	Decrease	Closing balance	Percentage(%)
Thai Hot Group Ltd	70,000,000.00			70,000,000.00	3.493
Beijing Yongxin International Investment (Group) Co., Ltd	57,000,000.00			57,000,000.00	2.844
Founder H Fund Co., Ltd	54,000,000.00			54,000,000.00	2.695
China Chengtong Holdings Group Ltd.	50,000,000.00			50,000,000.00	2.495
Fujian Tianbao Mining Group Ltd	50,000,000.00			50,000,000.00	2.495
Fujian Changle Changyuan Textile Co., Ltd	50,000,000.00			50,000,000.00	2.495
Fujian Thai Hot Investment Co., Ltd	29,000,000.00			29,000,000.00	1.447
Xibosi Investment Holdings Co., Ltd	22,000,000.00			22,000,000.00	1.098
Shanghai Yongrun Investment Management Co., Ltd	20,000,000.00			20,000,000.00	0.998
Aluminum Corporation of China	2,000,000.00			2,000,000.00	0.100
Total	2,004,000,000.00			2,004,000,000.00	100.00

6.31 Capital reserves

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	1,324,750,000.00			1,324,750,000.00
Total	1,324,750,000.00			1,324,750,000.00

6.32 Other comprehensive income

Item	Opening balance	Increase	Decrease	Closing balance
Changes in the fair value of available for sale financial assets	109,345,445.59	455,851,001.11		565,196,446.70

The impact of the related income tax on the equity	-27,336,361.40		113,962,750.28	-141,299,111.68
Total	82,009,084.19	455,851,001.11	113,962,750.28	423,897,335.02

6.33Surplus reserves

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	300,059,126.01	94,936,038.75		394,995,164.76
Total	300,059,126.01	94,936,038.75		394,995,164.76

Note: Pursant to the PRC Company Law, the Company's Articles of Assiciation and resolutions of the board, the Company is required to appropriate 10% of its profit net of the previous years' losses to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

6.34General risk reserve

Item	Opening balance	Increase	Decrease	Closing balance
General risk reserve	300,059,126.01	94,936,038.75		394,995,164.76
Transaction risk reserve	300,059,126.01	94,936,038.75		394,995,164.76
Total	600,118,252.02	189,872,077.50		789,990,329.52

Note: In accordance with the requirements of the CSRC Circular regarding the annual reporting of Securities companies in 2007 (Zhengjian jigou Zi [2007] No.320) issued ,the company made appropriation of 10% based on the annual net profit to the general risk reserves; and also made appropriation of 10% based on the annual net profit to the transaction risk reserves.

6.35Undistributed profit

(1)Condition of undistributed profit

Item	Current year	Prior year	Percentage(%)
Opening balance before adjustments	1,741,666,224.72	1,247,867,397.19	
Add: This year's net profit	1,040,597,699.34	668,493,992.39	

attributable to the parent company share holders			
Less: Appropriation of statutory surplus reserve	94,936,038.75	58,231,721.62	10%
Appropriation of general risk reserve	189,872,077.50	116,463,443.24	20%
Distribution of cash dividend			
Closing balance	2,497,455,807.81	1,741,666,224.72	

(2)Profit distribution

Company do not pay any dividends in current year

(3)Subsidiary appropriation of surplus reserve in reporting period

Dongxing Futures Co., Ltd to appropriate the surplus reserves at RMB1,735,839.32 this year, which belong to the parent company's RMB1,735,839.32.

Dongxing Securities Investment Co., Ltd to appropriate the surplus reserves at RMB19,757,682.82 this year, which belong to the parent company's RMB19,757,682.82.

Dongxing Capital Investment Management Co.,Ltd to appropriate the surplus reserves at RMB 59,961.57 this year, which belong to the parent company's RMB59,961.57.

(4)Subsidiary appropriation of risk reserve in reporting period

Dongxing Futures Co., Ltd to appropriate general risk reserve RMB1,735,839.32, which belongs to the parent company's RMB1,735,839.32.

Dongxing Securities Investment Co., Ltd to appropriate transaction risk reserve RMB19,757,682.82, which belong to the parent company's RMB19,757,682.82.

(5)Subsidiary profit distribution in reporting period

Dongxing Securities Investment Co., Ltd make profit distribution RMB 135,000,000.00,which attributable to the parent company of RMB135,000,000.00.

6.36Net Commission and fee income

Net Commission and fee income by categorise

Item	Current year	Prior year
Commission and fee income		
(1)Brokerage service income	1,292,087,609.16	938,804,559.38
Including: Securities brokerage	1,220,234,022.77	878,368,874.67
Including: Agency securities business	1,133,917,248.16	817,158,585.39
Trading unit seat leasing	73,071,851.11	49,740,261.48
Financial product business on a consignment basis	13,244,923.50	11,470,027.80
Future contract of brokerage business income	71,853,586.39	60,435,684.71
(2)Investment banking income	228,037,892.35	189,337,065.75
including：Securities underwriting business	64,787,276.03	44,243,800.00
Securities sponsor business	600,000.00	2,557,142.86
Financial advisory business	162,650,616.32	142,536,122.89
(3)Asset management business income	187,212,315.00	109,983,461.05
(4)Investment advisory business income	18,576,731.30	5,119,313.61
(5)Others	1,140,573.88	1,982.04
Sub-commission and fee income	**1,727,055,121.69**	**1,243,246,381.83**
Service charge and commission expense		
(1)Brokerage business expense	249,088,812.62	161,500,223.26
Including:Securities brokerage business expense	199,912,655.44	125,658,995.02
Including:Securities sponsor business expense	199,912,655.44	125,658,995.02
Trading unit seat leasing		
Financial product business on a consignment basis		

Future contract of brokerage business income	49,176,157.18	35,841,228.24
(2)Investment banking business expense	165,000.00	515,200.00
Including:Securities underwriting expense	165,000.00	515,200.00
Securities sponsor business expense		
Financial advisory business		
(3)Asset management business expense		
(4)Investment advisory business expendiure		
(5)Others	2,557,327.74	1,743,132.63
Sub-commission and fee expense	**251,811,140.36**	**163,758,555.89**
Net commission and fee income	**1,475,243,981.33**	**1,079,487,825.94**
Including: Financial advisory business net income	162,650,616.32	142,536,122.89
-Merger, acquisition and reorganization of financial advisory business net income-listed companies in China		
-Other merger,acquisition and reorganization of financial advisory business net income-Others		
-Financing financial advisory business net income	130,680,095.28	126,161,495.33
-Other financial advisory business net income	31,970,521.04	16,374,627.56

Including:Financial product business on a consignment basis

Item	Current year		Prior year	
	Total amount of sales	Gross sales	Total amount of sales	Gross sales
Fund	770,919,362.01	5,144,395.32	203,456,651.00	1,194,729.18
Entrust	1,230,100,000.00	8,100,528.18	652,350,000.00	10,275,298.62
Total	2,001,019,362.01	13,244,923.50	855,806,651.00	11,470,027.80

Including:Asset management business

Item	Collective asset management business	Specified asset management business	Special asset management business
Product quantity in the year end	30	78	
No.of customer in the year end	12,661	78	

Including:Individual customer	12,574	1	
Institutional clients	87	77	
Entrust funds at the beginning of the year	4,492,310,769.95	30,809,725,245.50	
Including:Investment of own funds	474,159,125.42		
Individual customer	3,555,806,331.81	100,000,000.00	
Institutional client	462,345,312.72	30,709,725,245.50	
Entrust fund at the end of the year	8,593,168,382.53	41,634,154,327.51	
Including:Investment of own funds	994,845,153.07		
Individual customer	5,836,567,613.84	100,000,000.00	
Institutional client	1,761,755,615.62	41,534,154,327.51	
Initial cost of entrust capital at the end of the year	8,660,387,156.09	41,634,154,327.51	
Including:Stock	181,747,920.89	1,251,631,926.66	
National debt			
Other bonds	238,098,188.48		
Funds	854,933,146.82		
Other investment product	7,385,607,899.90	40,382,522,400.85	
Net income of asset management business in the year of 2014	106,498,941.64	80,713,373.36	

6.37Net interest income

Item	Current year	Prior year
Interest income	**799,675,310.04**	**388,189,453.18**
Due from bank of Interest income	232,882,618.92	211,312,148.18
Including:own funds deposit of interest income	53,591,822.38	40,594,125.19
Client funds deposit of interest income	179,290,796.54	170,718,022.99
Margin trading and securities lending of interest income	415,724,150.63	155,133,432.06
Financial assets held under resale	151,068,540.49	21,743,872.94

agreements		
Including:Agreed to buy back of interest income	265,622.30	1,734,250.39
Securities repurchase transaction of interest income	40,512,964.27	1,195,431.66
Lending to banks and other financial institutions of interest income		
Other		
Interest expense	**894,327,539.41**	**510,678,654.24**
Client funds deposit of interest expense	25,732,635.96	19,194,974.44
Sold for repurchase financial assets of interest expense	212,381,953.37	65,840,549.78
Including:Interest expense from redemptions of exchange-quoted		
Interest expense from short term loan	289,335,000.01	360,519,111.08
Interest expense due to other financial institution.	52,724,482.32	45,619,819.66
Including: interest expense from refinancing.	33,785,959.82	34,331,395.71
Short-term financing payable	70,373,164.58	15,377,300.65
Interest expense from subordinated debentures	93,058,561.44	4,126,898.63
Others	150,721,741.73	
Net interest income	**-94,652,229.37**	**-122,489,201.06**

Notes 1: Interest expense from subordinated debenture are issued by the company.

Notes 2: Other main interest expense including belongs to special purpose priority share holders of the fixed income, refinance into securities interest expenses and income receipts interest expense.

6.38Investment income/(losses)

(1)Investment income by categories

Item	Current year	Prior year
Income recognized by equity method		5,661.22
Income recognized by cost method		
Investment income generate by the	561.78	

disposal of a long-term equity investment		
Investment income from financial instruments	1,219,445,539.40	1,093,649,781.95
Including：Income generate in holding period	845,419,063.10	737,063,664.24
-Financial asset held for trading	43,443,499.47	28,698,908.30
-Available-for-sale financial assets	801,975,563.63	708,364,755.94
Earning achieved by disposal financial instruments	374,026,476.30	356,586,117.71
-Financial asset held for trading	127,882,390.33	100,723,164.36
-Available-for-sale financial assets	299,951,161.69	255,557,540.99
-Derivative financial instruments	-53,807,075.72	305,412.36
Total	1,219,446,101.18	1,093,655,443.17

(2)Investment income from Joint operation and Joint venture

The invested entity	Current year	Prior year	Reason for change
Zhuhai Dongxing-Zhongjia Metropolis Development Investment Management Co., Ltd.	561.78	5,661.22	Transfer the entire equity in 2014

6.39Gains/(losses) from changes in fair value

The source of the gain and losses from changes in fair value	Current year	Prior year
Trading financial assets	-3,541,504.57	-17,781,114.94
Total	-3,541,504.57	-17,781,114.94

6.40Other operating income

Item	Current year	Prior year
Leasing	947,956.67	1,005,956.89
Others	296,367.38	228,130.00
Total	1,244,324.05	1,234,086.89

6.41Business taxes and surcharges

Item	Current year	Prior year
Business tax	139,727,371.45	113,797,896.01

Urban construction tax	9,174,502.23	7,627,722.54
Education fee	6,986,368.58	5,596,243.59
Watersource management fee	718,124.22	430,594.25
Total	156,606,366.48	127,452,456.39

6.42General and administration expenses

Item	Current year	Prior year
Payroll	734,923,560.93	726,607,497.25
Leasing	68,359,144.87	60,961,856.37
Product sales and advertising fee	62,720,642.78	30,439,530.64
Depreciation and amortization	49,074,220.46	49,816,595.92
Post and communications	45,054,102.63	53,779,017.39
Business promotion and entertainment	29,242,342.07	35,909,398.60
Meeting and traveling	26,465,170.46	19,698,972.79
Office utilities	20,530,193.43	20,653,274.35
Exchange membership fee	14,601,465.57	10,173,873.54
Investor protection funds	12,900,539.34	10,017,412.26
Others	58,541,410.34	66,627,897.12
Total	1,122,412,792.88	1,084,685,326.23

6.43Impairment losses

Item	Current year	Prior year
Bad debt provision in receivable		1,483,862.58
Impairment provision in margin funds	45,982,575.09	
Impairment provision in securities repurchase transaction	6,050,239.00	
Impairment provision Available-for-sale financial asset		28,585,766.44
Total	52,032,814.09	30,069,629.02

6.44Non-operating income

(1)Non-operating income by categories

Item	Current year		Prior year	
	Amount	Recognized in current year	Amount	Recognized in current year

		profit or loss as extraordinary item		profit or loss as extraordinary item
Total gains of disposal of non-current assets	203,814.04	203,814.04	179,297.12	179,297.12
Tax incentives	3,797,173.20	3,797,173.20	595,473.07	595,473.07
Government grant	50,914,588.23	50,914,588.23	33,212,909.78	33,212,909.78
Others	48,959.70	48,959.70	133,836.69	133,836.69
Total	54,964,535.17	54,964,535.17	34,121,516.66	34,121,516.66

(2)Government grant categories

Item	Current year	Prior year
Subsidies for financial enterprise to buy business housing	212,859.00	212,859.00
Support fund for shanghai No.2 guangling road enterprise	271,000.00	170,000.00
Reward funds by the government	300,000.00	2,500,000.00
Subsidies for government rent	325,000.00	2,128,000.00
Yantai government building award		6,844.00
Pintan comprehensive experimental area management committee to encourage support industry development aid	48,546,729.23	26,126,800.00
Shenzhen sales department financial institutions on one time disposal		2,000,000.00
Old car allowance		4,000.00
Shanghai hongkou district bureau of subsidies	659,000.00	64,406.78
Zhongguancun administrative committee subsidies	600,000.00	
Total	50,914,588.23	33,212,909.78

Note 1: According to the Beijing municipal development and reform committee on February 16, 2005, issued the jing fa gai [2005] No.197 “To promote the development of capital financial industry change opinion”Company applied for and received from the Beijing xicheng district bureau issued subsidies of RMB 4,257,180.00 for the financial enterprise purchase of business housing purpose, the amortization time are 20 years.

Note 2: According to the agreement, company in shanghai No.2 guangling road business department received the Shanghai hongkou Sichuan road north street investment service center provides support fund of enterprises, which according to 40% if the business tax and 50% corporation tax to return.Company received 170,000.00 and 271,000.00 in 2013 and 2014 respectively.

Note 3: According to the Shanghai financial service offce[2007] no.1 and hong fa gai[2009] No.22 provision, During the Dongxing Futures Co., Ltd located in shanghai, and the industrial and commercial tax formalities completed, shanghai hongkou district, Sichuan road,north street merchant service center will issue the incentive of the investment. Company in 2013 received a reward of RMB 2 million.

According to the above documents, the company's shanghai branch was located in shanghai hongkou district, and obtained the securities operation agency business license. Shanghai hongkou north investment service center of Sichuan branch will give investment reward RMB 3 million, and pay for 5 years, from 2012-2015 and RMB 500,000.00 each.

Company also received the xicheng district government reward of 300,000.00 for 2014.

Note 4: According to the shanghai financial services office[2007]No.1 and hong fa gai [2009] No.22 relevant provision. Our subsidiary Dongxing Futures Co., Ltd shanghai branch will benefit from the government rent subsidies policy. Therefore, Dongxing Futures Co., Ltd received subsidies of 1,155,000.00 yuan and RMB 325,000.00 in 2013 and 2014 respectively, and shanghai branch received subsidies of RMB 973,000.00 in 2013.

Note 5: According to the Yantai zhifu reform bureau and finance bureau on March 8,2011 issued by "inssued in 2010 zhifu development building economic reward fund notice"(yan zhi fa gai [2011] No.5), our subsidiary Dongxing Futures Co., Ltd Yantai office received 2013 reward RMB 6,844.00 for developing building economy.

Note 6: According to the pingtan comprehenseive experimental area management committee issued by ming lan zong shi guan zong [2011]No.2<pingtan comprehensive experimental area management committee the provisions on the encourage to support the development of industry>, in 2013,our subsidiary Dongxing Securities Investment Co., Ltd received award RMB 26,126,800.00 and RMB 48,546,700.00 in 2013 and 2014 respectively.

Note 7: According to the shenzhen municipal people's government issued the "support the development of the financial industry of shenzhen some money carries out detailed rules", the company to applied for and in 2013 won the shenzhen financial development special funds of RMB 2,000,000.00.

Note 8: According to the Beijing municipal people's government issued Jingzheng ban[2012] No.59, beijing municipal people’s government will grant RMB 4000 subsidy for old motor vehicles that were transferred out of the city during 01 Jan 2013 to 31 Dec 2014.

Note 9: The company's Shanghai office received government training subsidy 64,406.78 in 2013.

Note 10: The company's shanghai office received 2014 shanghai hongkou district bureau of enterprise capital of RMB 659,000.00.

Note 11: The company received the zhongguancun administrative committee amounted to RMB 600,000.00 for 2014.

6.45Non-operating expenses

Item	Current year		Prior year	
	Amount	Recognized in current year	Amount	Recognized in current year

		profit or loss as extraordinary item		profit or loss as extraordinary item
Losses on disposal of fixed assets	2,022.35	2,022.35	27,277.93	27,277.93
Donation	2,000,000.00	2,000,000.00	1,000,000.00	1,000,000.00
Overdue fine	4,509.85	4,509.85	184,006.31	184,006.31
Others	10,000.00	10,000.00		
Total	2,016,532.20	2,016,532.20	1,211,284.24	1,211,284.24

6.46Income tax

(1)Income tax expense

Item	Current year	Prior year
Current tax expense for the year	328,049,404.27	236,938,674.74
Deferred income tax	-48,976,942.61	-80,863,359.21
Total	279,072,461.66	156,075,315.53

(2)Reconciliation between income tax expense and accounting profit

Item	Current year	Prior year
Profit/losses before taxation	1,319,670,177.90	824,569,307.92
According to the applicable tax rate calculation of the income tax expense	329,917,544.48	206,142,326.98
Influence by the permanent differences	-50,845,082.82	-50,067,011.45
Income tax expenses	279,072,461.66	156,075,315.53

6.47Other comprehensive income - net of tax

Item	Current year	Prior year
Gain and loss generated by the acailable for sale financial assets	455,851,001.11	20,153,380.78
Less:Income tax impact of available for sale financial assets	113,962,750.28	5,038,345.20
Total	341,888,250.83	15,115,035.58

6.48Basic earnings per share and diluted earnings per share

(1)Basic earnings per share and diluted earning per share in each period

Profit during the reporting period	Current year		Prior year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	0.519	0.519	0.334	0.334
After deducting non-recurring gains and losses of net profit attributable to ordinary shareholders	0.499	0.499	0.321	0.321

(2)Basic EPS and diluted earnings per share calculation process

During the reporting period, company does not exist with dilutive ordinary share potentially. As result, diluted EPS is equal to the basic EPS.

①Under the basic earnings per share calculation, the current net profit attributable to ordinary shareholders as follows:

Item	Current year	Prior year
Net profit attributable to ordinary shareholders	1,040,597,699.34	668,493,992.39
After deducting non-recurring gains and losses of net profit attributable to ordinary shareholders	1,000,885,569.65	643,765,316.50

②Under the basic earning per share calculation, the denominator are the weighted average number of ordinary shares in issue. The calculation process is as follows:

Item	Current year	Prior year
Number of ordinary shares in issue at the beginning of the year	2,004,000,000.00	2,004,000,000.00
Add：weighted number of ordinary share in issue in current year		
Number of ordinary shares in issue at the end of the year	2,004,000,000.00	2,004,000,000.00

6.49Net asset condition of the entrusted customer asset management service

Asset item	Opening balance	Liabilities item	Closing balance
Entrusted management capital deposits	121,754,866.18	Entrusted funds	50,227,322,710.04
Customer settlement reserves	13,400,843.96	Account payable	19,894,914.79
Save for and entrust client funds	656,184.05		
Account receivable	67,483,563.38		
Entrusted investment	50,043,922,167.26		
Including:cost of investment	50,294,541,483.60		
Realized unsettled gain and loss	-250,619,316.34		
Total	**50,247,217,624.83**	Total	**50,247,217,624.83**

(Continued)

Asset item	Opening balance	Liabilities item	Closing balance
Entrusted management capital deposits	588,736,225.60	Entrusted funds	35,302,036,015.45
Customer settlement reserves	47,068,063.78	Account payable	9,680,270.12
Save for and entrust client funds	22,208,432.23		
Account receivable	97,107,952.08		
Entrusted investment	34,556,595,611.88		
Including: Cost of investment	34,530,968,531.77		
Realized unsettled gain and loss	25,627,080.11		
Total	**35,311,716,285.57**	Total	**35,311,716,285.57**

6.50Segment report

Business segment

Current year	Brokerage securities	Self-operated business	Investment banking	Asset management	Future contract business	Altnernative investment	Credit business	Other business	Internal elmimated	Total
（1）Operating income	1,175,554,726.	459,869,913.87	227,888,421.6	248,800,374.38	65,583,955.70	313,855,566.0	456,502,737.20	-295,644,197.26	-54,637,349.67	2,597,774,148.38
Including：Commission and fee income	1,041,572,847. 46	-	227,888,421.6 1	209,485,628.85	27,210,074.01	21,984,470.74		2,272,533.13	-55,169,994.47	1,475,243,981.33
Return on investment	-	465,948,582.73	-	173,013,530.88	2,110,573.67	577,840,769.1	-	-	532,644.80	1,219,446,101.18
Other income（Changes in fair value）	133,981,879.04	-6,078,668.86	-	-133,698,785.3 5	36,263,308.02	-285,969,673.7 9	456,502,737.20	-297,916,730.39		-96,915,934.13
（2）operating expense	630,363,068.28	83,194,991.24	118,985,280.9	112,738,656.81	42,500,359.64	111,529,754.8	120,946,911.36	165,430,300.00	-54,637,349.67	1,331,051,973.45
（3）Operating profit	545,191,658.22	376,674,922.63	108,903,140.6	136,061,717.57	23,083,596.06	202,325,811.2	335,555,825.84	-461,074,497.26		1,266,722,174.93
（4）Total profit	545,191,658.22	376,674,922.63	108,903,140.6	136,061,717.57	23,429,952.90	250,872,540.4	335,555,825.84	-457,019,580.36	-	1,319,670,177.90
（5）Total asset	10,051,934,517.	7,518,796,141.	21,059,376.21	3,351,244,961.	1,731,197,331.	5,992,235,003.	9,859,331,595.	4,854,123,939.8	-772,774,196.30	42,607,148,670.4
（6）Total liablities	9,643,040,773.	4,450,964,699.	-	1,906,549,241.	1,388,676,105.	5,196,158,113.	8,337,000,000.	4,303,914,523.1	-54,467,840.74	35,171,835,616.4
Depreciation and	18,591,193.63	518,862.64	535,362.60	405,004.46	2,749,191.96	28,004.76	512,647.82	25,733,952.59		49,074,220.46
Prior year	Brokerage	Self-operated	Investment	Asset	Future contract	Altnernative	Credit business	Other business	Internal	Total
（1）Operating income	866,829,458.16	493,283,421.15	172,711,865.7	135,911,233.85	45,906,939.00	238,792,027.5	158,063,114.11	-77,631,572.44		2,033,866,487.14
Including：Commission and	723,852,857.27	-	172,711,865.7	134,946,158.63	24,611,952.13	16,106,299.40		7,276,188.42	-17,495.66	1,079,487,825.94
Return on investment		511,058,122.09	-	-		582,579,825.4			17,495.66	1,093,655,443.17
Other income（Changes	142,976,600.89	-17,774,700.94	-	965,075.22	21,294,986.87	-359,894,097.2	158,063,114.11	-84,907,760.86		-139,276,781.97
（2）operating expense	543,076,637.57	135,837,520.41	107,220,702.7	70,584,710.48	40,647,079.02	61,748,729.09	45,848,713.40	237,243,318.94		1,242,207,411.64
（3）Operating profit	323,752,820.59	357,445,900.74	65,491,163.02	65,326,523.37	5,259,859.98	177,043,298.4	112,214,400.71	-314,874,891.38		791,659,075.50

（4）Total profit	324,378,112.33	357,445,900.74	65,491,163.02	65,326,523.37	8,426,520.06	203,171,298.4	112,214,400.71	-311,884,610.78	-	824,569,307.92
（5）Total asset	4,828,870,089.	5,028,460,551.	20,502,271.31	602,608,792.66	922,659,367.72	5,784,504,449.	2,938,705,607.	2,284,208,794.1	-734,736,805.05	21,675,783,118.7
（6）Total liablities	4,646,620,609.	2,732,089,047.	-	-	597,529,532.68	5,217,939,014.	46,000,000.00	2,399,432,676.7	-16,430,449.49	15,623,180,431.7
Depreciation and armotization	25,760,631.33	351,815.89	267,552.74	198,057.48	1,965,938.18	27,032.60	786,328.23	20,459,239.47		49,816,595.92

6.51Notes of cash flow statement

(1)Cash received from other related to operation activities

Item	Current year	Prior year
Net cash received from acting underwriting securities		150,000,000.00
Government subsidies income	50,701,729.23	33,000,050.78
Net current account receivable	1,184,417.68	
Decrease in refundable deposit		177,663,536.15
Housing rental income	947,956.67	1,005,956.89
Tax incentives	3,797,173.20	595,473.07
Fund raising for Collective asset management business	1,878,524,810.83	
Others	345,327.08	361,692.91
Total	1,935,501,414.69	362,626,709.80

(2)Cash payment related to other operating activities

Item	Current year	Prior year
General and administrative expense	308,718,257.51	303,529,373.77
Net current account payment		8,197,012.61
Penalty and fine for delaying payment	4,509.85	184,006.31
Donation	2,000,000.00	1,000,000.00
The increase of the defundable deposit	590,304,087.29	
Net cash payament of Acting underwriting securities	150,000,000.00	
Total	1,051,026,854.65	312,910,392.69

(3)Cash received from other related to investment activities

Item	Current year	Prior year
Net reclaim cash from disposal of fixed assets	244,004.28	179,570.90
Total	244,004.28	179,570.90

(4)Cash received from other related to the financing activities

Item	Current year	Prior year
Cash received from released the cash receipts	409,430,000.00	
Total	409,430,000.00	

6.52Supplement to cash flow statement

(1)Reconciliation of net profit to cash flows from operating activities

Supplement information	Curent year	Prior year
1.Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,040,597,716.24	668,493,992.39
Add: Impairment losses	52,032,814.09	30,069,629.02
Depreciation of fixed assets	30,089,690.46	30,905,618.04
Amortisation of intangible assets	10,536,390.09	6,174,782.57
Amortisation of long-term deferred expenses	8,448,139.91	12,736,195.31
Losses/(gains) on disposal of fixed assets, intangible assets, and other long-term assets	-201,791.69	-152,019.19
Losses from fair value change/(Gain)	3,541,504.57	17,781,114.94
Financial expense/(income)	453,560,914.83	380,023,310.36
Profit or loss on exchange/(Profit)	-33,475.76	240,552.86
Investment losses/(Profit)	-1,101,927,287.10	-963,927,958.15
Decrease/(Increased)Financial Asset designated at fair value through profit or loss	-238,398,122.37	-234,099,763.69
Decrease/(increase) in deferred tax assets	-53,804,295.97	-76,418,080.47
Increase/(decrease) in deferred tax liabilities	4,827,353.36	-4,445,278.74
Decrease/(increase) in operating receivables	-8,681,157,074.82	-1,735,694,514.63
Increase/(decrease) in operating payables	17,753,454,894.82	-781,897,453.25
Others		
Net cash flow from operating activities	9,281,567,370.66	-2,650,209,872.63
2.Investing and financing activities not requiring the use of cash or cash equivalents		
Conversion of debt into capital		
Convertible bonds natured within a year		
Fixed assets under financing leasing		
3.Change in cash and cash equivalents:		
Cash at the end of the period	14,363,439,774.32	5,736,296,594.81
Less: Cash at the beginning of the period	5,736,296,594.81	7,619,319,038.02
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	8,627,143,179.51	-1,883,022,443.21

(2)Cash and cash equivalents held by the Company

Item	Closing balance	Opening balance
1. Cash and bank	14,363,439,774.32	5,736,296,594.81
Including: Cash on hand	33,187.49	22,260.57
Bank deposits available on demand	10,435,813,042.24	4,798,822,413.30
Other monetary fund available on demand	6,206,293.37	
Clearing settlement funds	3,921,387,251.22	937,451,920.94
Cash equivalents		
2. Closing balance of cash and cash equivalents	14,363,439,774.32	5,736,296,594.81
Including: parent company or subsidiary use restricted cash and cash equivalents		

7.CHANGES IN COMBINATION SCOP

7.1Business combination not under the same control

Company not have business combination activities happened under the not same control this condition in this year.

7.2Business combination under the same control

Company not have business combination activites happended under the same control this condition in the year.

7.3Other reasons for the change the combination scope

(1)Subsidiary by setting up or investment methods

Monetary unit：Ten thousand RMB

Subsidiary	Type of subsidiary	Domicile	Nature of business	The registered capital	Business scope	Type of the company	Legal repress entative	Organization code	Year end Actual Capital Contrib utable	Subsquently as subsidiary' net investment of other item balance

Shenzhen Dongxi Development Investment Managemnt (LLP)	Legal person control	Qianhai Shenzhen-Hong Kong cooperation zone	Investment managment	2,244.00	Investment management, information consulting, industrial investment, equity investment, asset management, and other investment business permitted by law	Partership	Lingdong WU	30582775-4	2,221.56	NO
Shihezi Dongxing Bofa Equity Investment (LLP)	Legal person control	Xinjiang shihezi development zone	Investment management	3,000.00	Engaged in the equity of non-listed companies, by subscription non-public stock or the transferee equity and hold shares of listed companies	Partership	Lingdong WU	39640330-7	0.00	NO
Dongxing Wealth Assets Management Co., Ltd	Legal person wholly owned	Shanghai free Trade area	Investment management	5,000.00	Investment management, industrial investment, enterprise management, financial consulting, engaged in import and export of goods and technology, etc.	Limited liability company	Guohong Ying	32437248-4	0.00	NO

(Continued)

Monetary unit：Ten thousand RMB

Subsidiary company name	Holding/ Investment proportion	Voting percentage	Whether consolidated	Rights And interests of minority shareholders	The rights and interests of minority shareholders in made to reduce the number of shareholders to the amount of profit and loss	Others	Reference
Shenzhen Dongxi Development Investment Managemnt (LLP)	99.00	99.00	Yes	22.45	No		
Shihezi Dongxing Bofa Equity Investment (LLP)	51.00	51.00	Yes	0.00	No		
Dongxing Wealth Assets Management Co., Ltd	100.00	100.00	Yes	No	No		

Note: Shenzhen Dongxi Development Investment Managemnt (LLP), Shihezi Dongxing Bofa Equity Investment (LLP) no legal representative, Lingdong WU for executing partner.

Including:

New subsidiary into the combination scope in current year：

Name	Net asset in the end of 2014	Net profit in 2014
Shenzhen Dongxi Development Investment Managemnt (LLP)	22,441,690.15	1,690.15
Shihezi Dongxing Bofa Equity Investment (LLP)		
Dongxing Wealth Assets Management Co., Ltd		

Note: ①Shenzhen Dongxi Development Investment Managemnt (LLP) found in 9 June 2014.

②Shihezi Dongxing Bofa Equity Investment (LLP)found in 10 July 2014, until the end of 2014, Partners have not yet subscribed capital contribution.

③Dongxing Wealth Assets Management Co., Ltd set up in 31 December 2014, until the end of 2014, there not yet subscribed capital contribution.

(2) New subject into the combination scope in current year

Company as an aggregate asset management plan administrator incorporates 13 collection asset management product, the balance of the asset and liabilities of the products shown below:

Project	Asset	Libility	Net asset
DongXing JinXuan JingZhi No.5 Collective asset management plan	258,738,308.39	196,873.61	258,541,434.78
DongXing JinXuan JingZhi No.10 Collective asset management plan	69,616,746.43	102,861.17	69,513,885.26
DongXing JinXuan JingZhi No.11 Collective asset management plan	269,682,971.33	198,989.58	269,483,981.75
DongXing JinXuan JingZhi No.12 Collective asset management plan	30,735,062.46	55,241.38	30,679,821.08
DongXing JinXuan XingSheng No.2 Collective asset management plan	91,206,405.72	548,534.15	90,657,871.57
DongXing JinXuan XingSheng No.3 Collective asset management plan	239,982,354.17	426,146.05	239,556,208.12
DongXing JinXuan XingSheng No.4Collective asset management plan	906,381,799.88	2,854,494.37	903,527,305.51
DongXing JinXuan XingSheng No.5 Collective asset management plan	213,032,872.98	572,500.74	212,460,372.24
DongXing JinXuan XingSheng No.6 Collective asset management plan	102,554,053.18	351,813.56	102,202,239.62
DongXing JinXuan DingZeng No.3 Collective asset management plan	1,116,380.55	25,868.64	1,090,511.91
DongXing JinXuan WenYing No.9 Collective asset management plan	380,680,552.17	383,649.50	380,296,902.67
DongXing JinXuan WenYing No.10 Collective asset management plan	354,095,667.15	359,393.47	353,736,273.68
DongXing JinXuan WenYing No.12 Collective asset management plan	270,135,055.91	281,036.58	269,854,019.33

8.DISCLOSURE OF THE EQUITY IN OTHER SUBJECTS

8.1Disclosure the equity in subsidiary

(1)The structure of the group

Subsidiary	Main premises	Domicile	Nature of business	Percentage(%)		Method
				Direct	Indirect	
DongXing Futures Co., Ltd	Shanghai city	Shanghai city	Finance	100.00		Merger but not under the same control
DongXing Securities Investment Co., Ltd	Fujian fuzhou pingtan county	Fujian fuzhou pingtan county	Investment	100.00		Through setting up or investment
DongXing Capital Investment Management Co., Ltd	Qianhai Shenzhen-Hong Kong cooperation zone	Qianhai Shenzhen-Hong Kong cooperation zone	Investment management	100.00		Through setting up or investment
Shenzhen DongXing Development Investment Managemnt (LLP)	Fujian fuzhou pingtan county	Fujian fuzhou pingtan county	Investment management		99.00	Through setting up or investment
Shihezi DongXing Bofa Equity Investment (LLP)	Xinjiang shihezi development zone	Xinjiang shihezi development zone	Investment management		51.00	Through setting up or investment
DongXing Wealth Assets Management Co., Ltd	Shanghai city	Shanghai free Trade area	Investment management		100.00	Through setting up or investment

(2)Signficant non-wholly own subsidiary

Subsidiary name	Report period	Proportion of minority shareholders	Current profit and loss attributable to minority shareholder	The current to minority shareholders to pay dividends	Cumulative equity of minority shareholders in year end
Shenzhen Dongxi Development Investment	2014	1.00%	16.90	-	

Subsidiary name	Report period	Proportion of minority shareholders	Current profit and loss attributable to minority shareholder	The current to minority shareholders to pay dividends	Cumulative equity of minority shareholders in year end
Managemnt (LLP)					
Shihezi Dongxing Bofa Equity Investment (LLP)	2014	49.00%			

(3)Main financial information of significant non-wholly own subsidiary

Subsidiary name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Dongxi Development Investment Managemnt (LLP)	22,442,130.15		22,442,130.15	440.00		440.00
Shihezi Dongxing Bofa Equity Investment (LLP)						

(Continued)

Subsidiary name	Current year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Dongxi Development Investment Managemnt (LLP)	13,760.13	1,690.15	1,690.15	2,130.15
Shihezi Dongxing Bofa Equity Investment (LLP)				

Note: Shenzhen Dongxi Development Investment Managemnt (LLP) set up in 09 June 2014, there are no comparative data.

8.2Special purpose entity

Name of special purpose entity	Product classification	Actural hold	Plan hold	Percentage	Whether consoli
		31/12/2014	31/12/2014		

					dated
DongXing JinXuan JingZhi No.5 Collective asset management plan	Collective asset management plan	110,000,000.00	255,200,000.00	43.10	Yes
DongXing JinXuan JingZhi No.10 Collective asset management plan	Collective asset management plan	9,850,000.00	68,000,000.00	14.49	Yes
DongXing JinXuan JingZhi No.11 Collective asset management plan	Collective asset management plan	39,680,000.00	266,016,127.10	14.92	Yes
DongXing JinXuan JingZhi No.12 Collective asset management plan	Collective asset management plan	30,001,176.38	30,001,176.38	100.00	Yes
DongXing JinXuan XingSheng No.2 Collective asset management plan	Collective asset management plan	9,370,603.41	83,820,649.49	11.18	Yes
DongXing JinXuan XingSheng No.3 Collective asset management plan	Collective asset management plan	23,780,754.86	255,864,612.16	9.29	Yes
DongXing JinXuan XingSheng No.4Collective asset management plan	Collective asset management plan	712,108,536.00	900,004,765.95	79.12	Yes
DongXing JinXuan XingSheng No.5 Collective asset management plan	Collective asset management plan	108,191,281.00	208,191,281.00	51.97	Yes
DongXing JinXuan XingSheng No.6	Collective asset	10,520,000.00	99,003,981.60	10.63	Yes

Collective asset management plan	management plan				
DongXing JinXuan DingZeng No.3 Collective asset management plan	Collective asset management plan	1,100,000.00	1,100,000.00	100.00	Yes
Dongxing JinXuan WenYing No.9 Collective asset management plan	Collective asset management plan	72,647,500.00	363,250,576.55	20.00	Yes
Dongxing JinXuan WenYing No.10 Collective asset management plan	Collective asset management plan	67,925,000.00	339,694,939.90	20.00	Yes
Dongxing JinXuan WenYing No.12 Collective asset management plan	Collective asset management plan	51,645,000.00	258,283,240.35	20.00	Yes

8.3Equity not be included in the scope of consolidated financial statements of structure of the body

①Basic information

As of December 31, 2014, there are some structured body associated with the company but not included in the scope of consolidated financial statements are belong to the the collective asset management plan.

②Book value of the Asset and liabilities and the biggest loss exposure related to the equity

Item	Book value	Biggest loss exposure	Book value	Biggest loss exposure
	2014	2014	2013	2013
Collective asset management plan	1,137,593,509.25	1,137,593,509.25	589,679,867.27	589,679,867.27

Note: Collective asset management plan shown in the financial statements' "available for sale financial assets" item. And the biggest loss exposure are book value(fair value) the collective asset management plan in financial position date.

③Company is structured body’s initiator,but in the the structure not has equity.

Company as the main body’s initiator’s asseration:in the process of established structured body, ot other relevant parties make joint organization has played as important role in the process of setting up a structured subject. In addition, structured the body also as the extension way for our company’s main business activity. Therefore, after set up, which will still keep close business relationship with the company.

Company in 2013 and 2014 did not benefit from such collective asset management plan, and also didn’t transfer assets to a structured body.

9.THE RISK ASSOCIATED WITH THE FINANCIAL INSTRUMENTS

Company use sensitivity analysis technique to anylysis financial instruments’ risk variables reasonably and whether make impact in the profit and loss for shareholder’s equity in current period. Because there are rarely any risk variables changes isolation, and the correlation between variables for a risk variables of the eventual impact of the change of the amount will have a significant effect, so the following content is under the assumption that the change of each variable was conducted under the condition of the independent.

9.1Market risk

(1)Currency rate risk

Currency rate risk is originated from the fluctuation of the fair value cash flow of financial instruments resulting from the change of currency rates of other countires. Company foreign currency assets and liabilities of the main body are the customer trading capital, customer;s foreign currency assets and liabilities, and their exchange rate risk is independent of the company.only a small amount for B share business formed it own foreign currency assets and liabilities, the exchange rate risk canbe ignored.

(2)Interest rate risk

Interest rate risk sensitivity analysis based on the following assumption：

①Market interest rate changes affect interest income and expense generated by the variable rate of financial instruments.

②For the fixed interest rate of financial instruments measured as fair value way, the market interest rate change canbe only affect the interest income or expense.

③For derivative financial instruments designated as a hedging instrument, the market interest rate changes not only affect the fair value, and also all interest rate hedging expectation is highly effective.

④In the financial position date, market interest rate using discounted cash flow method to calculate derivative and fair value change in other financial asset and liabilities.

As agreed in the contract, company financial instrument undertake interest rate risk at the repricing date or maturity date (shall be subject to earlier) are shown below:

Item	Closing balance	Opening balnace
Financial assets		
Bank and cash	10,442,052,523.10	4,798,844,673.87
Clearing settlement funds	3,921,387,251.22	937,451,920.94
Funds lending	9,150,532,442.14	2,936,648,692.59
Financial assets held under resale agreements	3,401,252,304.87	1,640,425,104.20
Available-for-sale financial assets	9,572,230,491.03	8,235,109,090.70
Financial assets in total	36,487,455,012.36	18,548,479,482.30
Financial liabilities		
Short term loan	5,030,000,000.00	5,130,000,000.00
Short-term financing payable	1,000,000,000.00	1,020,000,000.00
Due to other financial institutions	2,437,000,000.00	346,000,000.00
Financial assets sold for repurchase	10,347,391,368.92	2,432,089,047.70
Acting trading securities	10,823,434,987.03	5,131,917,836.62
Account payable	409,430,000.00	

Bond payable	2,000,000,000.00	660,000,000.00
Financial liabilities in total	32,047,256,355.95	14,720,006,884.32

On the basis of the above assumptions, in the cash of other variables are constant, the reasonable change of interest rate are likelt to impact on the profits and losses of the current period and pre-tax shareholder equity as follows:

Variation of interest rate	Current year		Prior year	
	Impact on profit	Impact on the shareholders'equity	Impact on profit	Impact on the shareholders'equity
Market interest rate rise 100 basis point parallelly	-20,320,318.35	-82,465,984.30	-37,466,364.93	-54,240,631.47
Market interest rate decrease 100 basis point parallelly	20,320,318.35	82,465,984.30	37,466,364.93	54,240,631.47

(3)Other Price risk

Pricing risk is created by the company possess financial asset and measured by the fair value. Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk),whether those changes are caused by factors specific to the individual financial instrument or its issuer,or factors affecting all similar financial instruments traded in the market. Company mainly through use VaR and sensitivity analysis to measure price under normal fluctuation.Simultaneously, we also use stress test method to evaluate possible loss in extremely cases, in addition, company also use derivative financial tools such as stock index future to hedge.

Based on the financial position date, assuming that the market value of the equity instrument rise or fall 10%, and other variables unchanged, and under the asset to group's profit in total and also not consider the influence of corporate income tax condition,the other comprehensive income's impact as follows:

Price fluctuation	Current year		Prior year	
	Impact on profit	Impact on the shareholdersequity	Impact on profit	Impact on the shareholders'equity
Market price rose by 10%	58,266,829.79	85,241,415.26	2,522,477.24	55,185,090.19
Market proce fall by	-58,266,829.79	-85,241,415.26	-2,522,477.24	-55,185,090.19

Price fluctuation	Current year		Prior year	
	Impact on profit	Impact on the shareholdersequity	Impact on profit	Impact on the shareholders'equity
10%				

9.2Credit risk

Credit risk represents the potential loss that may arise form the failure of a debtor or counterparty to meet ite obligation or commitment to the group.

Company'credit risk mainly comes from 2 aspects: one is created by the margin trading, refers to margin trading clients breach of contract to bring the risk of loss to the company; second, the creditors right (including bonds) investment create default risk, namely investment by the issuer of a bond or conteraprty defaults, refused to pay principal and interest, or consideration can be leading to the risk of losses and gains change.

Margin trading of credit risk mainly includes clients failed to fully repaid debt in time, guarantee percentage are not reach the standard and failed strength, position size and structure of breach of the contract, transaction behavior in violation of the regulations, to provide collateral assets involved in legal disputes etc. When the company did the margin trading, which also through customer education, credit investigation, credit risk of strict control to ensure the target customer with good credit. Besides, company through strict monitoring underlying securities, trade concentration, customer guarantee maintenance ratio to ensure the customer default risk controllable and checked. In addition, company also through customer risk warning,forced to unwind, judicial recourse lending methods to ensure the assets safe.

The company has established the internal credit evaluation mechanism to control the debt default and degradation risk, and through use credit rating of investment restrictions and adopt diversification strategy to reduce the damage caused by issuers credit risk; in addition, company also through counterparties to access system, the blacklist system limit the counterparties to minimum level requirements, to minimize the damage from a counterparty default.

9.3Liquidity risk

Liquidity risk represent company holding financial instrument but cannot realized with a reasonable price quickly so that created risk of loss and unable to pay due debts. Company formulated the “Dongxing securities liquidity risk management method”,“Dongxing securities high quality liquid assets management rules”and “dongxing securities liquidity risk emergency response plans”with other liquidity management system to established including the board of directors of the company ,and its special committee, company managers and chief risk officer, liquidity risk management, business management and function management department 4 levels of liquidity risk management organization structure and difference responsibility. Besides it also determine the company's liquidity risk appetite is moderate, the relevant liquidity measurement are depends on quantitative and qualitative methods. And also established the management organization and responsibility of the company’s high quality liquid asset, and limit determination and distribution policy. In order to effectively prevent,control and resolve liquidity risk, Company set up liquidity risk emergency leading group and try to overall coordination of emergency liquidity risk management. In this aspect, Company funds unified management and operation in the day-to-day running, and also pay attention to capital management system construction, the borrowing of money, buy the specific functions and powers, to issue bonds and other business department. As the client’s assets have been three parties depository,there is no misappropriation of client funds and is produced by its repayment obligations’condition, therefore, the company faces the liquidity risk is mainly produced by the company has its own debt repayment. Company by holding lots of their own funds and highly liquid financial instrument imply it still available to meet the demand of its own debt to pay. More essentially, company in the interbank and market still keep good credit level, and also maintain a relatively stable lending ,repurchase, and short-term financing channel. Thus, company’s overall liquidity performance stable at the safer levels effectively.

10.FAIR VALUE DISCLOSURE

10.1Year end asset and liabilities measured at fair value

Item	Fair value at the year end			
	Fair value measurement at level 1 input	Fair value measurement at level 2 input	Fair value measurement at level 3 input	Total
Measured at fair value on a recurring basis				
Fiancial assets designated at fair value through profit or loss	1,069,329,175.91	121,000,000.00		1,190,329,175.91
1.Financial asset held for trading	1,069,329,175.91	121,000,000.00		1,190,329,175.91
(1)Stock	428,691,137.94			428,691,137.94
(2)funds	640,638,037.97			640,638,037.97
(3)Financial product		121,000,000.00		121,000,000.00
Available-for-sale financial assets	4,671,092,802.64	2,285,420,116.19	5,760,012,440.00	12,716,525,358.83
(1)Stock	9,273,158.54			9,273,158.54
(2)Bond	3,742,877,708.12			3,742,877,708.12
(3)Fund	459,104,765.20	383,303,823.31		842,408,588.51
(4)Asset management product	212,261,134.83	1,838,397,626.00	1,319,763,878.52	3,370,422,639.35
(5)Trust product	247,576,035.95	13,643,779.21	1,899,747,931.53	2,160,967,746.69
(6)Others		50,074,887.67	2,540,500,629.95	2,590,575,517.62
Measured at fair value on a recurring basis in total	5,740,421,978.55	2,406,420,116.19	5,760,012,440.00	13,906,854,534.74

Level 1 inputs are quoted price(unadjusted)in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 input are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

10.2Not measured under fair value of financial asset and financial liabilities

The company owns a few private equities which the company does not have control, common control or significant influence amounting to RMB 23,840,000.00.Due to the fair value cannot be reliable measured, thus the historical cost are more suitable in here.

11.RELATED PARTY AND RELATED PARTY TRANSACTIONS

11.1Information on the parent of the Company

Parent company name	Relationship	Business type	Place of register	Legal person	Businss nature
China Orient Asset Management Corporation	Control	Wholly state-owned	Fuchengmen Street, Xicheng Distrct, Beijing	Ziai Zhang	Bad assets management

(Continued)

Parent company name	Registered capital	Percentage of shareholding（%）	Percentage of voting rights（%）	Ultimate control party	Organization code
China Orient Asset Management Corporation	10,000,000,000	74.85	74.85	中国东方资产管理公司	71092545-4

11.2Information on the subsidiary of the Company

Please refer to note 8.1 equity in subsidiary for details.

11.3Other related parties

Name of related party	Relationship with the Company	Organization code
Shanghai Ruifeng International Properties Co., Ltd	Under control of same parent company	13238231-1

Shanghai Dongxing Investment Holdings Development Co., Ltd	Under control of same parent company	13220322-1
Zhejiang Rongda Business Management Co., Ltd	Under control of same parent company	66710472-1
China United Insurance Holding Company	Under control of same parent company	22859302-5
Bangxin Asset Management Co., Ltd	Under control of same parent company	19220886-8
Golden Credit Rating International Co., Ltd	Under control of same parent company	78095249-0
Dong Yin Development (Holdings) Ltd	Under control of same parent company	34689074-000-06-11-2
Daye Trust Co.,Ltd	Undre significant effect of same parent company	19048130-X
Beijing Dongfubaoshi investment management center (limited partnership	Under control of same parent company	06731032-9

Note: The registration place of Dong Yin Development (Holdings) Ltd is Hong Kong, the listed organization code above is the business registration number of the company.

11.4Pricing policy

The company's related party transactions are at market prices as a pricing basis.

11.5Related party transactions

(1)Sale and purchase of goods, rendering and receiving services

Related party	Current year			Prior year		
	Transactions	Amount	Percentage(%)	Transactions	Amount	Percentage (%)
China Orient Asset Management Corporation	Finanfial consulting service	3,582,972.22	2.20	Finanfial consulting service	4,160,000.00	2.92
China Orient Asset Management Corporation	Asset management	24,185,605.13	11.69	Asset management	11,825,030.36	10.75
Daye Trust Co.,Ltd	Finanfial consulting service	5,033,123.39	3.09	Finanfial consulting service	3,659,847.22	2.57
Daye Trust	Income	1,764,438.85	13.32	Income	3,242,953.42	28.27

Co.,Ltd	from the sale of financial products			from the sale of financial products		
Beijing Dongfubaoshi investment management center (limited partnership）	Asset management	4,033,155.41	1.95			

(2)Accept related party to sell rights of use of the assets

Related party	Current year			Prior year		
	Transactions	Amount	Percentage(%)	Transactions	Amount	Percentage (%)
Shanghai Ruifeng International Properties Co., Ltd	Rent and property management fee	4,032,178.00	4.82	Rent and property management fee	3,715,504.88	6.09
China Orient Asset Management Corporation	Interest of borrowing	285,975,000.01	98.84	Interest of borrowing	360,519,111.08	100.00
China Orient Asset Management Corporation	Interst of surbodinate libability	19,500,000.00	20.95	Interst of surbodinate libability	1,875,863.01	45.45

Note: ①Loan interest is the interest payment that Dongxing Securities Investment Co., Ltd, subsidiary of the Company, pay to the lender China Orient Asset Management Corporation. Please refer to note 6.18(1) for details.

②Interest expenses from surbordinate liability include interest expenses of surbodinate liabilities and interest expenses of surbodinated liability borrowed as long-term loan.

(3)Related party joint-investment

①In 2014, there is a 4,284 million increase for the total size of the Compnay. The reason for this increase is that the company and the controlling company, China Orient Asset Management Corporation, have the joint investment. The Company invested 2,543 million in the collective asset management plan, subscribed as preferred share. China Orient Asset Management Corporation invested 17.41 milion, subscribed as posterior share. In this collective assets management plan, the Company has its own fund of RMB 441,408, subscribed as posterior share of the collective asset management plan.

In 2013, there is a 250 million increase for the total size of the Compnay. The Company invested 150 million in the collective asset management plan, subscribed as preferred share. China Orient Asset Management Corporation invested 100 million, subscribed as posterior share. In this collective assets management plan, the Company has its own fund of RMB 30 million, subscribed as posterior share of the collective asset management plan.

Up until 31 December 2014, the Company, as manager of the collective asset management plan, has the joint-investment balance of 2,553 million, including self-owned fund of RMB 443,408,000. The self-owned part has not been distributed any dividend through the collective asset management plan.

② In 2013, Dongxing Investment and China Orient Asset Management Corporation bought No. 4 special asset management plan together, (hereinafter refer as the Jinyuan Huili Plan) middle-class shares. Dongxing Investment and China Orient Asset Management Corporation have 300 million for each. According to the contract, the net earning of Jinyuan Huili Plan, after distributing the earning to the priority beneficiary, residual earning will all be distriuted to midd-class shares beneficiaty based on certain percentage.In 2013 and 2014, Donxing investment earned RMB 10,737,700 and RMB 3,247,100 respectively through Jinyuan Huili Plan.

11.6Related party receivables/payables

Item	Related pary	Closing balance		Opening balance	
		Amount	Percentage (%)	Amount	Percentage (%)
Interest	China Orient	10,174,863.01	8.39	11,280,863.02	44.54

payable	Asset Management Corporation				
	Total	10,174,863.01	8.39	11,280,863.02	44.54
Short-term loan	China Orient Asset Management Corporation	4,530,000,000.00	90.06	5,130,000,000.00	100.00
	Total	4,530,000,000.00	90.06	5,130,000,000.00	100.00
Surbodinate borrowing	China Orient Asset Management Corporation	300,000,000.00	15.00	300,000,000.00	45.45
	Total	300,000,000.00	15.00	300,000,000.00	45.45
Payable to clients	China Orient Asset Management Corporation			13,446,671.62	0.26
	Total			13,446,671.62	0.26

Note: The surbodinate liability is mainly the borrowing from surbodinate bonds issued by China Orient Asset Management Corporation.

12.SHARE-BASED PAYMENT

Up to the end of 2014, there is nothing to be disclosed in relation to any share-based payment of the Company.

13.COMMITMENTS AND CONTINGENCIES

13.1Commitments

(a)Operating lease commitments

As at the end of reporting period, the total future minimum lease payments payable under non-cancellable operating leases are as follows:

Item	Closing balance	Opening balance
Within 1 year (inclusive)	58,530,057.46	55,635,419.15
1 - 2 years (inclusive)	53,999,668.78	58,973,091.93
2 - 3 years (inclusive)	46,584,441.24	57,865,627.07

After 3 years	52,662,066.04	119,319,817.05
Total	211,776,233.52	291,793,955.20

13.2Contingencies

As at the end of reporting period, the Company's subsidiary Dongxing Futures is involved in an outstanding litigation, details are as follows:

On February 2009, Industrial and Commercial Bank of China (Linyi Province Center Branch) ("ICBC Linyi") filed a lawsuit against Linyi Tiexin Trading Co., Ltd ("Tiexin"), Shandong Pengda Assets Management Co., Ltd - Linyi Branch ("Pengda Management Linyi"), Shandong Pengda Assets Management Co., Ltd ("Pengda Management"), and China Continent Property & Casualty Insurance Company Ltd Central Yantai Branch ("Dadi Insurance") due to pledge dispute, and has add Pengda Futures Brokers Co., Ltd (later known as Dongxing Futures Co., Ltd after fully acquired by the Company in 2009), Pengda Real Estate Development Co., Ltd ("Pengda Real Estate"), and Gai Qidong, the legal representative of Pengda Management and Pengda Real Estate, as defendants on April 2009.

The case has been ruled by the intermediate people's court in Shandong Linyi on 19th July 2012 via a civil order (2009) LSCZ No.37 after the first trial, that all claims against Dongxing futures was rejected according to the civil order.

The plaintiff, ICBC Linyi, and two of the defendants, Pengda Real Estate and Dadi Insurance, filed appeal to the high people's court in Shandong. The second trial was held on 5th February and the case is still pending as at the end of reporting period.

14.EVENT AFTER THE END OF REPORTING PERIOD

Significant non-adjusting events

Item	Description	Influences on Financial Position and Operating Results
Issuance of Stock and Bond	As approved by CSRC pursuant to the Approval for the Initial Public Offering by Dongxing Securies limited (Zheng Jian Xu	Influences on Financial Position： The Company's share capital was

Item	Description	Influences on Financial Position and Operating Results
	Ke [2015] No.191), the Compan publicly issued 500,000,000 RMB-dominated ordinary shares (A shares) of RMB 1.00 each at an offering price of RMB 9.18 per shar. A total amount of RMB 4,590,000,000 proceeds was raised, after deducting a issuance fee of RMB 116,230,000.00, the proceeds was RMB 4,473,770,000.00.	increased by RMB 500,000,000.00; Capital reserve was increased by RMB 3,973,770,000.00; there are no effects on results of operation.

15.OTHER SIGNIFICANT EVENTS

15.1The Company has actively performed its social responsibilities and invested in charities.

The total expense of the Company for charity donations in 2014 was RMB 2,000,000.00, including RMB 1,500,000.00 to Fu Zhou University and RMB 500,000.00 to Fu Jian Agricultural University as education grants.

15.2Assets and debts at fair value

Item	Opening Balance	Profit or loss of changes in fair value during the Reporting Period	Cumulative net changes in fair value recognized in equity	Provision for impairments of the year	Closing Balance
Financial Assets					
Financial assets held for trading	955,472,558.11	-3,541,504.57			1,190,329,175.91
Available-for-sale financial assets	9,390,968,824.35		565,196,446.70		12,740,365,358.83
of which: Securities lending	2,056,914.58		3,049,108.61		70,098,991.61
Financial Assets Subtotal	10,346,441,382.46	-3,541,504.57	565,196,446.70		13,930,694,534.74
Total	10,346,441,382.46	-3,541,504.57	565,196,446.70		13,930,694,534.74

15.3Market value of securities borrowed via refinancing

As at 31st December 2014, the balance of securities the Company borrowed from China Securities Finance Co., Ltd via refinancing is measured to have a market value of RMB 12,929,000.00, among which 9,262,086.52 are securities lending receivable from customers, resulting in a market value of RMB 3,666,913.48 of securities lending through profit or loss as at the end of reporting period.

16.NOTES TO THE FINANCIAL STATEMENTS

16.1Long-term equity investments

(1)Breakdown of long-term equity investments

Item	Opening Balance	Increase during the year	Decrease during the year	Closing Balance
Investments in Subsidiaries	738,306,355.56			738,306,355.56
Total	738,306,355.56			738,306,355.56

(2)Investments in subsidiaries

Investees	Initial Investment	Opening Balance	Increases during the year	Decreases During the year	Closing Balance	Shareholding Percentage (%)
Dongxing Futures Co., Ltd	338,306,355.56	338,306,355.56			338,306,355.56	100.00
Dongxing Securities Investment Co., Ltd	300,000,000.00	300,000,000.00			300,000,000.00	100.00
Dongxing Capital Investment Management Co., Ltd	100,000,000.00	100,000,000.00			100,000,000.00	100.00
Total	738,306,355.56	738,306,355.56			738,306,355.56	

16.2Net commission and fee income

(1)Net commission and fee income by catogorise:

Item	Current year	Prior year
Commission and fee income		
(1)Brokerage service income	1,220,234,022.77	878,368,874.67
Including: Agency securities business	1,133,917,248.16	817,158,585.39
Trading unit seat leasing	73,071,851.11	49,740,261.48
Financial product business on a consignment basis	13,244,923.50	11,470,027.80
(2)Investment banking business income	228,053,421.61	173,227,065.75
Including: Securities underwriting	64,787,276.03	44,243,800.00
Securities Sponsorship	600,000.00	2,557,142.86
Financial advisory	162,666,145.58	126,426,122.89
(3)Asset management income	206,849,664.67	109,983,461.05
(4)Investment consultant income	27,576,731.30	5,119,313.61
(5)Others	546,758.89	1,982.04
Commission and fee income subtotal:	**1,683,260,599.24**	**1,166,700,697.12**
Commission and fee expense		
(1)Brokerage service expense	199,912,655.44	125,658,995.02
Including: Agency securities business	199,912,655.44	125,658,995.02
Trading unit seat leasing		
Financial product business on a consignment basis		
(2)Investment banking business expense	165,000.00	515,200.00
Including: Securities underwriting	165,000.00	515,200.00
Securities Sponsorship		
Financial advisory		
(3)Asset management expense		
(4)Investment consultancy expense		
(5)Others	2,557,327.74	1,739,432.03
Commission and fee expense subtotal	**202,634,983.18**	**127,913,627.05**
Net commission and fee income	**1,480,625,616.06**	**1,038,787,070.07**
Including: Net financial advisory fee income	162,666,145.58	126,426,122.89
-Net merge and reconstructure advisory income – Domestic listed company		
-Net merge and reconstructure		

advisory income – Others		
-Net financing advisory income	110,430,095.28	110,121,495.33
-Net other financial advisory income	52,236,050.30	16,304,627.56

Of which: Agency sales of financial products

Item	Current year		Prior year	
	Total sales amount	Total sales income	Total sales amount	Total sales income
Fund	770,919,362.01	5,144,395.32	203,456,651.00	1,194,729.18
Trust	1,230,100,000.00	8,100,528.18	652,350,000.00	10,275,298.62
Total:	2,001,019,362.01	13,244,923.50	855,806,651.00	11,470,027.80

Of which: Assets management

Item	Collective asset management	Specified asset management	Special asset management
Number of products as of 2014-12-31	43	78	
Number of customers as of 2014-12-31	13,557	78	
of which：Individual customers	13,435	1	
Institutional customers	122	77	
Entrusted scales as at 2013-12-31	4,492,310,769.95	30,809,725,245.50	
of which：Investment of own fund	474,159,125.42		
Individual customers	3,555,806,331.81	100,000,000.00	
Institutional customers	462,345,312.72	30,709,725,245.50	
Entrusted scales as at 2014-12-31	11,721,599,733.01	41,634,154,327.51	
of which：Investment of own fund	1,333,649,370.72		
Individual customers	7,378,313,184.29	100,000,000.00	
Institutional customers	3,009,637,178.00	41,534,154,327.51	
Initial cost of significant assets entrusted as at 2014-12-31	11,831,625,150.55	41,634,154,327.51	
of which：Stock	181,747,920.89	1,251,631,926.66	
National bonds			
Other bonds	238,098,188.48		

Funds	946,911,141.28		
Other investment products	10,464,867,899.90	40,382,522,400.85	
Net assets management income in 2014	**126,136,291.31**	**80,713,373.36**	

16.3Net interest income

Item	Current year	Prior year
Interest income	**742,930,553.10**	**366,464,301.82**
Interest income due from banks and other financial institutions	186,660,006.41	189,912,656.38
of which：Interest income from own fund	30,882,373.13	28,966,065.37
Interest income from customer’s fund	155,777,633.28	160,946,591.01
Interest income from margin financing and securities lending	415,724,150.63	155,133,432.06
Interest income from financial assets held under resale agreements	140,546,396.06	21,418,213.38
of which：Agree to buy back interest income	265,622.30	1,734,250.39
Interest income from securities repurchase transaction	40,512,964.27	1,195,431.66
Interest income from inter-bank lending		
Interest expense	**452,435,599.05**	**150,159,543.16**
Interest expenses due to customer’s fund	23,068,010.07	19,194,974.44
Interest expenses on financial assets sold under repurchase agreements	212,381,295.87	65,840,549.78
of which：Interest expense on dealer-quoted repurchase		
Interest expenses on short-term loans		
Interest expenses on inter-bank financing	52,724,482.32	45,619,819.66
of which：Interest expense on margin and securities refinancing	33,785,959.82	34,331,395.71
Interest expenses on short-term debt instruments issued	70,373,164.58	15,377,300.65
Interest expense on subordinated bonds	93,058,561.44	4,126,898.63
Others	830,084.77	
Net interest income	**290,494,954.05**	**216,304,758.66**

Notes 1: Interest expense on subordinated bonds refers to interests expense on subordinated bonds issued by the Company.

Notes 2: Others including interests expense on securities refinancing and depository receipts.

16.4Investment gain

Item	Current year	Prior year
Investment gain recognized using equity method		
Investment gain recognized using cost method	135,000,000.00	89,000,000.00
Gain from financial instruments	465,948,582.73	511,058,122.09
of which：Holding gains	186,796,151.61	163,970,334.66
- Financial assets held for trading	6,899,360.56	3,793,978.00
- Available-for-sale financial assets	179,896,791.05	160,176,356.66
Gains from disposal of financial instruments	279,152,431.12	347,087,787.43
- Financial assets held for trading	123,528,555.54	99,916,287.87
- Available-for-sale financial assets	196,935,997.10	246,866,087.20
- Derivative financial instruments	-41,312,121.52	305,412.36
Total	600,948,582.73	600,058,122.09

16.5Gains from change in fair value

Item	Current year	Prior year
Financial assets held for trading	-6,078,668.86	-17,774,700.94
Total	-6,078,668.86	-17,774,700.94

16.6Other incomes

Item	Current year	Prior year
Rental income	947,956.67	1,005,956.89
Others	81,777.38	1,200.00
Total	1,029,734.05	1,007,156.89

16.7Impairment losses

Item	Current year	Prior year
Bad debt provision		1,483,862.58
Priovision for fund lending	45,982,575.09	
Priovision for securities repurchase transaction	2,960,239.00	
Priovision for available-for-sale financial assets		28,585,766.44

Total	48,942,814.09	30,069,629.02

16.8Supplement to cash flow statement

(1)Reconciliation of net profit to cash flows from operating activities

Item	Current year	Prior year
1、Reconciliation of net profit to cash flows		
Net profits	949,360,387.50	582,317,216.20
Add: Provision for impairment	48,942,814.09	30,069,629.02
Depreciation of fix assets	28,589,981.51	29,706,422.10
Amortisation of intangible assets	9,498,058.87	5,777,915.79
Amortisation of long-term deferred	8,236,790.44	12,361,119.85
(Gain)/losses on disposal of fix assets, intangible assets, and other long-term assets	-201,791.69	-176,586.01
(Gain)/losses on change in fair value	6,078,668.86	17,774,700.94
Interest (income)/expense	164,225,914.82	19,504,199.28
Exchange (gain)/loss	-33,475.76	240,552.86
Investment (gain)/loss	-511,832,788.15	-496,042,443.86
(Increase)/decrease in financial assets at fair value through profit and loss	-358,721.94	-194,099,763.69
(Increase)/decrease in deferred income	159,808,033.24	-69,758,007.82
Increase/(decrease) in deferred income	-46,365,802.64	-4,443,675.24
(Increase)/decrease in operating	-7,765,889,963.83	-1,907,250,449.23
Increase/(decrease) in operating	15,072,631,608.90	-781,448,729.92
Others		
Net cash flow from operating activities	8,122,689,714.22	-2,755,467,899.73
2、Investing and financing activities not requiring the use of cash or cash equivalents		
Conversion of debt into capital		
Convertible bonds matured within a year		
Fix assets financed by leasing		
3、Change in cash and cash equivalents		
Cash at the end of the period	13,127,957,713.32	5,034,867,805.84
Less: Cash at the beginning of the period	5,034,867,805.84	6,704,883,722.84
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of		
Net increase in cash and cash equivalents	8,093,089,907.48	-1,670,015,917.00

(2)Cash and cash equivalents held by the Company

Item	Closing balance	Opening balance
Cash at bank and on hand	13,127,957,713.32	5,034,867,805.84
of which: Cash on hand	33,187.49	22,260.57
Bank deposits available on demand	9,178,343,404.59	4,080,963,174.84
Other monetary fund available on demand		
Settlement reserves	3,949,581,121.24	953,882,370.43
Cash equivalents		
of which: Bonds investment with a maturity of 3		
Cash and Cash equivalents at the end of reporting	13,127,957,713.32	5,034,867,805.84

17.SUPPLEMENTS

17.1Breakdown of non-recurring gains or losses

Unit: RMB

Item	Current year	Prior year
Gain/(losses) on disposal of non-current assets	201,791.69	152,019.19
Non-recurring tax breaks and rebates		
Govermental subsidy through profit or loss (excluding subsidies closely associated with the Company's business and given out by setting quotas or quantities based on national standard)	50,914,588.23	33,212,909.78
Fund possession cost received from non-financial enterprises through profit or loss		
For investments in subsidiaries, associates and joint ventures, in the case of the cost of investments is less than initial investment, profits generated by the fair value of investee's identifieable net assets should be recognized as profit of the Company		
Profit or loss of a non-monetary assets transaction		
Profit or loss of entrusted investments and assets by third parties		
Provision for impairments due to force majeure, e.g. natural hazards		
Profit or loss of debt restructuring		
Reconsturction expenses, e.g. staff resettlement costs, integration costs		
Profit or loss of the differences between fair value and the actual transaction price if inconsistency occurs		
Net profit generated from the beginning of reporting period to combining date by subsidiaries under common control		
Profit or loss generated inrrelevant to the Company's operation		
Profit or loss of change in fair values of financial assets and debts held for trading and disposal of financial assets and debts held for trading and available-for-sale financial assets excluding effective hedging operations associated with the Company's operation		
Returns of provision for impairments of accounts receivables tested for impairments seperatly		
Profit or loss of entrusted loans		
Profit or loss of change in fair values of investment properties recognized in fair values subsequently		
Adjustments on profit or loss based on tax and accouting law and regulations		
Brokerage income from trust management		
Other non operating income and expense in addition to the above	1,831,623.05	-454,696.55

Others		
Subtotal	52,948,002.97	32,910,232.42
Influences on income tax	13,235,873.28	8,181,556.53
Influences on minority interests (after tax)		
Total	39,712,129.69	24,728,675.89

Note: for items listed above, "+" refers to income and gains, and "-" refers to expense and loss.

Note: Since financial assets held for trading and available-for-sale financial assets are involved in the Company's operating activities, items listed as non-recurring gains or losses in the Notice on Instructions for Information Disclosure by Listed Companies No.1 – Non-recurring Gains or Losses, including profit or loss of change in fair values of financial assets and debts held for trading and profit or loss of disposal of financial assets and debts held for trading and available-for-sale financial assets, are listed as recurring gains or losses in the statement.

17.2 Return on net assets and earnings per share

Profits for the reporting period	Reporting period	Weighted average return on net assets (%)	Earnings per share (RMB per share)	
			Basic earnings per share	Diluted earnings per share
Net profit attribute to shareholders of ordinary shares of the Company	Current year	15.43	0.519	0.519
	Prior year	11.71	0.334	0.334
Net profit attribute to shareholders of ordinary shares of the Company, net of non-recurring gains or losses	Current year	14.84	0.499	0.499
	Prior year	11.27	0.321	0.321

17.3 Analysis of significant fluctuations of main items in consolidated financial statements

(1)Analysis of significant fluctuations of main items in consolidated financial position

Analysis of items in consolidated financial position accounts for over 5% of total assets, at the same time with a year-on-year change over 30% as at 31 December 2014 and 31 December 2013:

Item	2014-12-31	2013-12-31	Percentage difference (%)	Notes
Cash and bank	10,442,052,523.10	4,798,844,673.87	117.60	1
Clearing settlement funds	3,921,387,251.22	937,451,920.94	318.30	2
Margin accounts	9,150,532,442.14	2,936,648,692.59	211.60	3
Financial assets held under resale agreements	3,401,252,304.87	1,640,425,104.20	107.34	4
Available-for-sale financial assets	12,740,365,358.83	9,390,968,824.35	35.67	5
Due to bank and other financial institutions	2,437,000,000.00	346,000,000.00	604.34	6
Financial assets sold under repurchase agreements	10,347,391,368.92	2,432,089,047.70	325.45	7
Angency Securities	10,823,434,987.03	5,131,917,836.62	110.90	8

1. Cash and bank has increased by 117.60% over the reporting period, mainly due to the increase in customer’s funds and net cash inflow brought by repurchasing business.

2. Clearing settlement funds have increased by 318.30% over the reporting period, mainly due to the increase in customer’s funds fluctuated with market environment changes.

3. Margin accounts has increased by 211.60% over the reporting period, due to significant growth of the scales of the Company’s margin refinancing and securities lending business during the period.

4. Financial assets held under resale agreements have increased by 107.34% over the reporting period, mainly due to the increase in lendings on pledges of financial assets held under resale agreements.

5. Available-for-sale financial assets have increased by 35.67% over the reporting period, mainly due to the expansion of the consolidation scope.

6. Due to bank and other financial institutions has increased by 604.34% over the reporting period, mainly due to the sharp rise in the scale of margin refinancing.

7. Financial assets sold under repurchase agreements have increased by 325.45% over the reporting period, mainly due to the increase in the scale of capital refinancing through repurchase services.

8. Angency Securities has increased by 110.90% over the reporting period, mainly due to the increase in customer’s funds.

(2)Analysis of significant fluctuations of main items in consolidated income statement

Analysis of items in consolidated income statement accounts for over 10% of total profit, at the same time with a year-on-year change over 30% as at 31st December 2014 and 31st December 2013:

Item	2014	2013	Percentage difference (%)	Notes
Net fee income from brokerage	1,042,998,796.54	777,304,336.12	34.18	9
Net fee income from asset management	187,212,315.00	109,983,461.05	70.22	10
Income tax expense	279,072,461.66	156,075,315.53	78.81	11

9. Net fee income from brokerage has increase by 34.18% in 2014 compared to that in 2013, mainly due to the rise in market trading volume and the expansion of the scope of margin financing and securities lending business of the company.

10. Net fee income from asset management has increase by 70.22% in 2014 compared to that in 2013, mainly due to the expansion of assets management business.

11. Income tax expense has increase by 78.81% in 2014 compared to that in 2013, mainly due to the increase in operating income.

(3)Analysis of significant fluctuations of main items in consolidated cash flow statement

Analysis of items in consolidated cash flow statement with an absolute value accounts for over 10% of amount of cash and cash equivalents, at the same time has a year-on-year change over 30% as at 31 December 2014 and 31 December 2013:

Item	2014	2013	Percentage difference (%)	Note
Net cash generated from interest, commission and fee income	2,466,076,216.20	1,575,426,478.98	56.53	12
Net cash generated from inter-bank financings	2,091,000,000.00	346,000,000.00	504.34	13
Net increase in cash generated from securities brokerage	5,691,517,150.41		Net increase	14
Net decrease in cash generated from securities brokerage		725,090,171.12	Net decrease	14
Net increase in cash generated from repurchases	6,148,424,881.55		Net increase	15
Net decrease in cash generated from repurchases		217,067,580.70	Net decrease	15
Net cash generated	1,935,501,414.69	362,626,709.80	433.74	16

from other operating activities				
Net cash generated from fund lending	6,259,866,324.64	2,534,407,681.21	147.00	17
Cash paid for other operating activities	1,051,026,854.65	312,910,392.69	235.89	18
Cash invested	2,893,545,533.37	575,840,135.52	402.49	19
Cash received from bond issuance	7,140,000,000.00	2,280,000,000.00	213.16	20
Cash paid for debt	6,420,000,000.00	2,600,000,000.00	146.92	21

12. Net cash generated from interest, commission and fee income has increased by 56.53% in 2014 compared to that in 2013, due to the rise in market trading volume and the expansion of the scope of margin financing and securities lending business of the company.

13. Net cash generated from inter-bank financings has increased by 504.34% in 2014 compared to that in 2013, mainly due to the increase in capital borrowed from bank and China Securities Finance Co., Ltd.

14. Net increase in cash generated from securities brokerage in 2014 compared to that in 2013 can be observed, mainly due to the increase in customer's funds results from stock market volatility.

15. Net increase in cash generated from repurchases in 2014 compared to that in 2013 can be observed, mainly due to the Company's expansion in the scale of margin refinancing based on market environment.

16. Net cash generated from other operating activities has increased by 433.74% in 2014 compared to that in 2013, mainly due to the net cash inflow generated by customer subscribing targeted asset management plans.

17. Net cash generated from fund lendings has increased by 147.00% in 2014 compared to that in 2013, mainly due to the expansion of the scale of the Company's margin financing and securities lending businesses.

18. Cash paid for other operating activities has increased by 235.89% in 2014 compared to that in 2013, mainly due to the increase in margin deposited and customer's funds paid for securities brokerage.

19. Net cash invested has increased by 402.49% in 2014 compared to that in 2013, mainly due to the increase in funds the Company invested base on change in market environment.

20. Cash received from bond issuance has increased by 213.16% in 2014 compared to that in 2013, mainly due to the increase in numbers of short-term bonds and subordinated bonds the Company issued.

21. Cash paid for debt has increased by 146.92% in 2014 compared to that in 2013, due to repayments to matured short-term bonds the company issued and repayments to short-term loans by the Company's subsidiary Dongxin Capital Investment Management Co., Ltd.

Dongxing Securities Company Limited (Stamp)

Legal representative
(Signature)

2015-3-27

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