

CICC
中金公司

China International Capital Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China)

Stock code : 3908

GLOBAL OFFERING



Joint Sponsors



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Financial Advisor

LAZARD

IMPORTANT

IMPORTANT: If you are in any doubt about this prospectus, you should obtain independent professional advice.



China International Capital Corporation Limited 中國國際金融股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering : 611,406,400 H Shares (comprising 555,824,000 H Shares to be offered by the Company and 55,582,400 H Shares to be sold by the Selling Shareholders subject to the Over-allotment Option)

Number of International Offer Shares : 550,265,600 H Shares (subject to adjustment and the Over-allotment Option)

Number of Hong Kong Offer Shares : 61,140,800 H Shares (subject to adjustment)

Maximum Offer Price : HK\$10.28 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal Value : RMB1.00 per H Share

Stock Code : 3908

Joint Sponsors



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Financial Advisor

LAZARD

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). SFC and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Underwriters and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, October 30, 2015 and, in any event, not later than Friday, November 6, 2015. The Offer Price will be not more than HK\$10.28 and is currently expected to be not less than HK\$9.12 per Offer Share. If, for any reason, the Offer Price is not agreed by Friday, November 6, 2015, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$10.28 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$10.28.

The Underwriters' Representative, on behalf of the Underwriters, and with our consent (for ourselves and on behalf of the Selling Shareholders) may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.cicc.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. For further details, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

We are incorporated, and a majority part of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the Shares of our Company. Such differences and risk factors are set out in "Risk Factors", "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Underwriters' Representative (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Grounds for Termination" in this prospectus.

October 27, 2015

EXPECTED TIMETABLE⁽¹⁾

Latest time to lodge **PINK** Application Forms 6:00 p.m. on Wednesday, October 28, 2015

Latest time to complete electronic applications
under **White Form eIPO** service through the
designated website www.eipo.com.hk ⁽²⁾ 11:30 a.m. on Friday, October 30, 2015

Application lists open⁽³⁾ 11:45 a.m. on Friday, October 30, 2015

Latest time to lodge **WHITE** and **YELLOW**
Application Forms 12:00 noon on Friday, October 30, 2015

Latest time to give **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on Friday, October 30, 2015

Latest time to complete payment of **White Form**
eIPO applications by effecting Internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Friday, October 30, 2015

Application lists close 12:00 noon on Friday, October 30, 2015

Expected Price Determination Date Friday, October 30, 2015

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published (a) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese); (b) on our website at www.cicc.com ⁽⁵⁾ and the website of the Hong Kong Stock Exchange at www.hkexnews.hk ⁽⁶⁾ on or before Friday, November 6, 2015

Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification document numbers
where appropriate) to be available through a variety of
channels (see the "How to Apply for Hong Kong
Offer Shares — 11. Publication of Results") from Friday, November 6, 2015

Results of allocations in the Hong Kong Public Offering
to be available at www.iporeresults.com.hk with a
"search by ID" function Friday, November 6, 2015

H Share certificates in respect of wholly or partially
successful applications to be dispatched or deposited into
CCASS on or before ⁽⁷⁾ Friday, November 6, 2015

EXPECTED TIMETABLE⁽¹⁾

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on or before⁽⁷⁾⁽⁸⁾⁽⁹⁾ Friday, November 6, 2015

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on Monday, November 9, 2015

- (1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, are set forth in “Structure of the Global Offering” in this prospectus.
- (2) If you have already submitted your application through the designated website at www.eipo.com.hk and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 30, 2015, the application lists will not open on that day. See “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) The announcement will be available for viewing on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.
- (7) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and provided all required information in their Application Forms may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Friday, November 6, 2015. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants’ Application Forms at the applicants’ own risk. Details of the arrangements are set out in “How to Apply for Hong Kong Offer Shares” in this prospectus.
- (8) Applicants who apply through the **White Form eIPO** service and pay their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and pay their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.
- (9) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

The H Shares certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Monday, November 9, 2015. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

The above expected timetable is a summary only. See “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by China International Capital Corporation Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to buy, any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholders, the Joint Sponsors, the Underwriters' Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, advisors, agents or representatives or any other person or party involved in the Global Offering. Information contained in our website, located at www.cicc.com, does not form part of this prospectus.

	<u>Page</u>
Expected Timetable	i
Contents	iii
Summary	1
Definitions	21
Glossary of Technical Terms	35
Forward Looking Statements	37
Risk Factors	39
Information about this Prospectus and the Global Offering	65
Waivers from Strict Compliance with the Listing Rules	70
Directors, Supervisors and Parties Involved in the Global Offering	74
Corporate Information	79
Industry Overview	82

CONTENTS

	<u>Page</u>
Our History and Corporate Structure	100
Business	107
Connected Transactions	178
Directors, Supervisors and Senior Management	184
Substantial Shareholders	208
Relationship with Huijin	212
Cornerstone Investors	214
Share Capital	222
Financial Information	226
Future Plans and Use of Proceeds	301
Regulatory Environment	303
Underwriting	342
Structure of the Global Offering	353
How to Apply for Hong Kong Offer Shares	366
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Taxation and Foreign Exchange	III-1
Appendix IV — Summary of Principal Legal and Regulatory Provisions	IV-1
Appendix V — Summary of Articles of Association	V-1
Appendix VI — Statutory and General Information	VI-1
Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection	VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a premier China-based investment bank with international reach. We have built a distinguished market presence with an excellent team, client base and brand name, which enables us to capture market opportunities. Our goal is to become a world-class financial institution with global influence.

We were the first joint-venture investment bank in the PRC. As a pioneer in adopting international best practices with a thorough understanding of the Chinese market, we quickly became a flagship investment bank in China. We have spearheaded the development of the PRC’s capital markets by completing many precedent-setting transactions.

A new round of financial reforms have been initiated in the PRC, which include interest rate liberalization and the internationalization of the Renminbi. Such reforms expand the direct capital raising market and promote the free flow of cross-border capital. While we expect these trends to enhance the role of securities firms in the financial markets in general, we believe that we are uniquely well-positioned to take the advantage of these significant opportunities due to our leading position in investment banking and cross-border execution capabilities.

Our success is built upon our clients’ success. We aim to provide the best products and services to our clients. We strive to accomplish this mission by adhering to the following core values:

- **Clients first.** Client service is always our first priority. We maintain long-term relationships with our clients and provide them with value-added services.
- **People oriented.** People are our most valuable resource. We make great efforts to attract, cultivate and retain the best people.
- **Integrity as foundation.** Our reputation is our biggest asset and is built upon the utmost professional integrity and highest ethical standards. We never compromise on integrity.
- **Pursuit of perfection.** We take great pride in the professional quality of our work. We set high standards for ourselves, which we always aspire to meet and exceed in all respects.
- **Chinese roots, international reach.** As a China-based global investment bank, we are proud of our China roots and our international DNA. We strive to bridge China and the world by providing best-in-class services to both Chinese and overseas clients.

SUMMARY

Since our founding in 1995, our business has experienced significant growth. Today we are a full-service investment bank with an expansive network covering 18 major cities in the PRC and four international financial hubs in Hong Kong, New York, London and Singapore. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our revenue and other income were RMB4,099.1 million, RMB4,064.8 million, RMB6,155.8 million and RMB4,881.0 million, respectively, and for the same years and period, the profit attributable to equity holders or shareholders of our Company was RMB307.7 million, RMB370.1 million, RMB1,118.5 million and RMB1,136.1 million, respectively. Our return on average equity increased from 4.8% in 2012 to 5.5% in 2013 and further to 15.1% in 2014.

OUR BUSINESS MODEL

Our business model classifies our products and services into the following five categories:

- **Market leading investment banking business.** We provide investment banking services, including equity financing, debt and structured financing and financial advisory as well as NEEQ services. We have built the leading investment banking franchise in the PRC. We also provide a comprehensive offering of products and services internationally. From our inception in 1995 to June 2015, we ranked No. 1 among all investment banks acting as bookrunners in terms of aggregate offering amount of onshore and offshore equity offerings of PRC-based companies; we ranked No. 2 among all investment banks acting as lead underwriters in terms of aggregate offering amount of debt and structured financing transactions of PRC-based companies; and we also ranked No. 1 among all investment banks advising PRC-related M&A transactions in terms of aggregate transaction value.
- **Leading equity sales and trading business.** We provide equity sales and trading services through our networks in major PRC cities and international financial hubs. We have an experienced institutional sales, deal execution and product design team covering brokerage services and capital-based intermediary services. We believe that we have attained a leading position among all PRC securities firms in serving QFII and RQFII clients. We have earned a reputation as a market leader and the “China Expert”, and were named the “Best Local Brokerage,” the “Best Overall Sales Services” and the “Best Execution” by *Asiamoney* for nine consecutive years from 2006 to 2014.
- **Comprehensive FICC business.** We engage in trading and investment of financial products, and provide services including product structuring, fixed income distribution and futures brokerage. We provide our clients with a full range of products and services, including structured products and solutions, distribution of fixed income products, futures brokerage and fixed income research. We have a diverse and growing client base for our FICC business that includes commercial banks, insurance companies, mutual funds, QFIIs, hedge funds, trust companies, asset management companies, finance companies and corporations.

SUMMARY

- **Top-tier wealth management services.** We provide wealth management products and services, including advisory services, transactional services, capital-based intermediary services and product services. We are a pioneer in the PRC in introducing an advice-driven service model for wealth management services, providing tailored products and services to high-net-worth clients, and we continue to differentiate ourselves by our highly regarded asset allocation research capabilities. We were named the “Best Wealth Management Institution” by *Securities Times* for three consecutive years from 2013 to 2015.
- **Diversified investment management platform.** We provide investment management services, including asset management, fund management and private equity. We have a full-license and diversified investment management platform, including asset management, mutual fund, fund of funds and private equity, that serves institutional clients, high-net-worth individual clients and retail clients. Our main product offerings include enterprise annuity plans, retail equity and fixed income funds, private equity fund of funds, growth private equity and real estate funds, as well as other cross-border and alternative products.

COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and our status as a premier investment bank in the PRC:

- Premier brand;
- Distinct international DNA;
- High-quality, diverse and loyal client base;
- Premier investment banking franchise;
- Leading and influential research;
- Outstanding innovation capabilities;
- Comprehensive and effective risk management;
- Top-tier management team and professionals; and
- Influential and supportive shareholders.

SUMMARY

BUSINESS STRATEGIES

Our success comes from our ability to stay ahead of the market trends and provide innovative solutions to our clients. The financial reform in the PRC presents us with enormous new opportunities, particularly in the area of high-end financial services. Leveraging our competitive strengths, especially our high quality client base and outstanding cross-border capabilities, we will sharpen our focus on capital-based products and services to better facilitate our clients' trading and deal execution needs. We expect that our strategy will solidify our leading franchise, achieve attractive growth and enhance shareholder value. In particular, we intend to implement the following business strategies:

- Client: leverage existing client franchise and expand client base;
- Product: stay innovative and focus on client facilitation;
- Risk management: optimize the system to enhance effectiveness and comprehensiveness;
- Business development: further develop investment management and wealth management businesses;
- International platform: strengthen our cross-border capabilities;
- Technology and infrastructure: increase investment in IT infrastructure; and
- Talent and culture: attract, cultivate and retain talent and promote our unique culture.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

You should read the summary of historical consolidated financial statements set forth below in conjunction with our consolidated financial statements included in the Accountants' Report set forth in "Appendix I — Accountants' Report" to this prospectus, together with the accompanying notes, which have been prepared in accordance with IFRS. The summary of audited historical consolidated statements of profit and loss and other comprehensive income for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 and the consolidated statements of financial position as of December 31, 2012, 2013 and 2014 and June 30, 2015 set forth below are derived from our consolidated financial statements, including the notes thereto, which are set forth in "Appendix I — Accountants' Report" to this prospectus.

SUMMARY

Summary Consolidated Statements of Profit or Loss

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Revenue					
Fees and commission income	2,975.6	2,994.2	4,151.9	1,391.4	3,118.9
Interest income	261.9	325.3	449.8	196.2	419.1
Investment income	814.4	707.3	1,526.8	757.3	1,313.7
Other income	47.2	38.0	27.3	14.1	29.4
Total revenue and other income	4,099.1	4,064.8	6,155.8	2,359.0	4,881.0
Total expenses	3,684.0	3,612.2	4,717.7	1,874.6	3,404.8
Operating profit	415.1	452.6	1,438.1	484.4	1,476.3
Share of profits and losses of associates and joint ventures	42.2	48.9	67.8	11.8	36.2
Profit before income tax	457.3	501.5	1,505.9	496.2	1,512.4
Income tax expense	149.5	131.4	387.4	129.0	376.3
Profit for the year/period	307.7	370.1	1,118.5	367.2	1,136.1
Attributable to equity holders/ shareholders of the Company	307.7	370.1	1,118.5	367.2	1,136.1
Attributable to non-controlling interests	0.0	—	—	—	—

Our total revenue and other income increased by 106.9% to RMB4,881.0 million for the six months ended June 30, 2015 from RMB2,359.0 million for the same period of 2014. The increase primarily reflected (i) increased trading of stocks and funds by our brokerage clients, (ii) increases in gains we made from our principal investment activities and earned from total return swap transactions with clients, (iii) the increases in the number of and the transaction value of equity financing transactions we underwrote in the first half of 2015, and (iv) the growth of our investment management business as well as margin financing and securities lending business.

Our total revenue and other income increased by 51.4% to RMB6,155.8 million in 2014 from RMB4,064.8 million in 2013. The increase primarily reflected (i) the increases in the number and transaction value of equity and debt offerings in 2014, (ii) an increase in gains we made from our principal investment, (iii) the growth of AUM of our asset management business and higher returns on our asset management products, and (iv) increased trading of stock and funds by our brokerage clients.

Our total revenue and other income remained stable at RMB4,064.8 million in 2013 compared to RMB4,099.1 million in 2012. This primarily reflected (i) a decrease in equity and debt offerings that we underwrote in 2013 as a result of the slowdown of regulatory approval for new IPOs and the weak performance of stock and bond markets in the PRC and Hong Kong, and (ii) a decrease in gains from our principal investments due to the weak performance of domestic stock and bond markets in 2013, which were partially offset by (a) a moderate increase in trading volume of stocks and funds by our brokerage clients, and (b) the growth of our investment management business.

SUMMARY

Our total revenue and other income remained stable in 2012 and 2013 and experienced growth in 2014 and six months ended June 30, 2015 which reflected (i) the securities markets conditions in China during the Track Record Period, in particular the favorable market conditions in 2014 and in January to mid-June of 2015 which had led to vibrant activities of various businesses, (ii) positive regulatory environment in China, such as accelerated approval process for A share IPO transactions in 2014 and policies to allow securities firms to provide innovative products and services, and (iii) the increased market demand for financing and liquidity. We have effectively implemented our strategies to grasp the market opportunities to achieve growth in various businesses primarily by (i) transforming our business model which was historically focused on the investment banking to a more diversified business model, (ii) enlarging the scale of various businesses, in particular wealth management business and investment management business and developing innovative products and services in response to the gradual relaxation of regulation, (iii) expanding capital-based intermediary services to meet client demand, and (iv) proactively enlarging our client base with a focus on growth companies and high-net-worth individuals.

For more details about our results of operations during the Track Record Period and our segment results, see “Financial Information — Results of Operations” and “Financial Information — Summary Segment Results.”

Summary Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Current assets	26,666.4	31,063.9	50,741.0	92,767.8
Non-current assets	1,934.2	1,770.7	1,959.1	2,219.1
Total assets	28,600.6	32,834.5	52,700.1	94,986.9
Current liabilities	20,753.8	21,719.4	40,387.1	78,498.2
Non-current liabilities	1,299.9	4,248.4	4,320.7	6,332.2
Total liabilities	22,053.7	25,967.7	44,707.9	84,830.4
Total equity	6,546.8	6,866.8	7,992.2	10,156.5
Attributable to equity holders/shareholders of the Company	6,546.8	6,866.8	7,992.2	10,156.5

SUMMARY

Summary Consolidated Statements of Cash Flow

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Net cash generated from/(used in)					
operating activities	956.3	(2,539.5)	1,042.1	(460.6)	(2,264.4)
Net cash (used in)/generated from					
investing activities	(201.6)	118.1	(238.8)	(100.9)	(117.3)
Net cash (used in)/generated from					
financing activities	(1,261.2)	1,474.7	(427.5)	939.0	5,098.0
Net (decrease)/increase in cash and cash equivalents	(506.4)	(946.7)	375.8	377.5	2,716.3
Cash and cash equivalents at the beginning of the year/period	4,508.5	4,003.7	2,972.8	2,972.8	3,351.8
Effect of changes in foreign exchange rate	1.7	(84.3)	3.2	30.9	(2.9)
Cash and cash equivalents at the end of the year/period	<u>4,003.7</u>	<u>2,972.8</u>	<u>3,351.8</u>	<u>3,381.1</u>	<u>6,065.1</u>

Key Financial Data and Operating Indicators

The following table sets forth the key measurements of our profitability:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB, except percentages)				
Operating profit	415.1	452.6	1,438.1	484.4	1,476.3
Operating margin ⁽¹⁾	10.1%	11.1%	23.4%	20.5%	30.2%
Adjusted operating margin ⁽²⁾	12.1%	13.9%	27.7%	24.9%	35.0%
Profit for the year/period	307.7	370.1	1,118.5	367.2	1,136.1
Net margin ⁽³⁾	7.5%	9.1%	18.2%	15.6%	23.3%
Adjusted net margin ⁽⁴⁾	9.0%	11.4%	21.6%	18.8%	26.9%
Return on average equity⁽⁵⁾	4.8%	5.5%	15.1%	10.4%	25.0%
Return on average total assets⁽⁶⁾	0.9%	1.2%	2.6%	2.0%	3.1%

(1) Calculated by dividing the operating profit by total revenue and other income.

SUMMARY

- (2) Adjusted operating margin = (operating profit)/(total revenue and other income – fee and commission expenses – interest expenses). Adjusted operating margin is not a standard indicator under IFRS but is presented here because PRC securities companies present their operating revenues after deduction of fee and commission expenses and interest expenses under PRC GAAP, which is different from the practices for presenting the gross revenue under IFRS. We believe that, the adjusted operating margin and adjusted net margin (see note 4 below) provide appropriate indicators of our results of operations that are more comparable to other PRC securities companies due to different presentation requirements under PRC GAAP. Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled indicators reported by other companies due to different calculation methods or assumptions.
- (3) Calculated as dividing the profit for the year/period by total revenue and other income.
- (4) Adjusted net margin = (profit for the year/period)/(total revenue and other income – fee and commission expenses – interest expenses). Adjusted net margin is not a standard indicator under IFRS but is presented here for the reasons stated in note 2 above.
- (5) Calculated by dividing the profit attributable to equity holders/Shareholders of our Company by the average amount of total equity attributable to equity holders/Shareholders at the end of the previous period and the end of the current period, and annualizing the result.
- (6) Calculated by dividing the profit attributable to equity holders/Shareholders of our Company by the average balance of total assets at the end of the previous period and the end of the current period, and annualizing the result.

The following table sets forth our segment revenue and other income (including inter-segment revenue), segment operating profit/(loss), as well as the segment margin for the periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2012			2013			2014			2014			2015		
	Operating profit/ Revenue ⁽¹⁾	Segment margin (%) ⁽²⁾		Operating profit/ Revenue ⁽¹⁾	Segment margin (%) ⁽²⁾		Operating profit/ Revenue ⁽¹⁾	Segment margin (%) ⁽²⁾		Operating profit/ Revenue ⁽¹⁾	Segment margin (%) ⁽²⁾		Operating profit/ Revenue ⁽¹⁾	Segment margin (%) ⁽²⁾	
	(unaudited)														
	(in millions of RMB, except percentages)														
Investment Banking	1,254.8	415.7	33.1%	1,016.0	296.2	29.2%	1,682.9	554.9	33.0%	502.6	135.4	26.9%	997.5	221.9	22.2%
Equity Sales and Trading	1,079.6	525.8	48.7	1,207.3	650.9	53.9	1,663.0	913.2	54.9	615.7	322.5	52.4	1,485.3	952.9	64.2
FICC	916.9	305.8	33.4	700.7	16.6	2.4	1,295.9	585.9	45.2	684.2	380.0	55.5	995.2	547.8	55.0
Wealth Management.....	449.3	100.5	22.4	607.7	193.4	31.8	841.3	248.4	29.5	314.2	57.3	18.2	899.9	361.3	40.1
Investment Management.	277.6	48.4	27.7	445.2	149.7	39.9	610.8	96.3	22.4	210.5	46.5	22.5	448.7	122.0	34.4
Others ⁽³⁾	120.8	(981.1)	—	87.9	(854.2)	—	61.9	(960.7)	—	31.8	(457.3)	—	54.4	(729.5)	—
Total	<u>4,099.1</u>	<u>415.1</u>	<u>10.1%</u>	<u>4,064.8</u>	<u>452.6</u>	<u>11.1%</u>	<u>6,155.8</u>	<u>1,438.1</u>	<u>23.4%</u>	<u>2,359.0</u>	<u>484.4</u>	<u>20.5%</u>	<u>4,881.0</u>	<u>1,476.3</u>	<u>30.2%</u>

- (1) Represents segment revenue and other income.
- (2) Segment margin = profit before income tax/segment revenue and other income.
- (3) The segment margin of “others” segment is not presented because this segment incurred loss before income tax in the relevant years and periods.

The operating profit of FICC segment decreased by 94.6% to RMB16.6 million in 2013 from RMB305.8 million in 2012 and the segment margin dropped to 2.4% in 2013 from 33.4% in 2012, primarily due to the tightened market liquidity in China in 2013 which resulted in a decrease in our investment income on debt securities and an increase in our funding cost.

The operating profit of wealth management segment significantly increased to RMB361.3 million for the six months ended June 30, 2015 from RMB57.3 million for the same period of 2014 and the segment margin increased to 40.1% for the six months ended June 30, 2015 from 18.2% for the same period of 2014 primarily because the PRC stock market started to boom from the second half of 2014, which resulted in increased trading activities by brokerage clients.

SUMMARY

The operating profit of investment management segment increased by 162.3% to RMB122.0 million for the six months ended June 30, 2015 from RMB46.5 million for the same period of 2014. The segment margin increased to 34.4% for the six months ended June 30, 2015 from 22.5% for the same period of 2014, primarily reflecting (i) the increase in the segment revenue and other income which was partially offset by the increase in segment expenses, and (ii) share of profits of associates and joint ventures of RMB32.2 million we recorded for the six months ended June 30, 2015 compared to RMB0.9 million for the same period of 2014. The operating profit of investment management segment decreased by 35.6% to RMB96.3 million in 2014 from RMB149.7 million in 2013. The segment margin decreased to 22.4% in 2014 from 39.9% in 2013, primarily reflecting (i) an increase in staff costs in line with the increased revenue of this segment, and (ii) an increase in our payments of selling commission for distributing our asset management products in 2014, which were partially offset by an increase of share of profits of associates and joint ventures from RMB27.9 million in 2013 to RMB40.7 million in 2014.

The following table sets forth the key operating data of our principal business lines for the periods indicated:

	For the year ended December 31,			For the six months ended
				June 30,
	2012	2013	2014	2015
Amount of equity offerings underwritten as a lead underwriter or a bookrunner (in millions of RMB) ⁽¹⁾	85,451.7	124,236.8	118,627.6	84,446.2
Amount of debt and structured financing products underwritten as a lead underwriter (in millions of RMB) ⁽²⁾	454,640.2	151,016.4	353,065.8	129,081.0
Transaction amount of announced M&As advised by us (in millions of US\$)	21,637.4	16,508.1	97,431.1	13,030.7
Trading turnover of stocks and funds by our brokerage clients in the PRC (in billions of RMB)	627.7	785.5	1,060.0	1,498.1
Average securities brokerage commission rate in the PRC ⁽³⁾	0.108%	0.106%	0.092%	0.079%
Trading turnover by our brokerage clients in Hong Kong (in billions of HK\$)	220.3	247.1	282.2	197.1
Overseas average securities brokerage commission rate ⁽⁴⁾	0.204%	0.188%	0.168%	0.172%
Balance of margin loans and securities lent (in millions of RMB) ⁽⁵⁾	412.8	1,567.6	3,080.9	6,453.9
Daily average investment amount of principal investment (in millions of RMB) ⁽⁶⁾	13,930.7	12,316.6	12,273.1	13,659.1
Net gain of principal investment ⁽⁷⁾ (in millions of RMB)	577.6	242.8	829.9	736.4
Average return rate on principal investment ⁽⁸⁾ ..	4.1%	2.0%	6.8%	10.8%
AUM of asset management business (in millions of RMB)	36,060	61,548	86,993	110,167

SUMMARY

- (1) Consists of (i) A share IPOs in which we acted as a lead underwriter and overseas IPOs in which we acted as a bookrunner, and (ii) the rights issues, public and private placements in which we acted as a bookrunner or a lead underwriter and excludes convertible bond offerings.
- (2) Includes the aggregate offering amount of (i) financial bonds/subordinated bonds, (ii) enterprise bonds/corporate bonds/medium-term notes, (iii) structured products, (iv) convertible bonds/exchangeable bonds, and (v) preferred shares in the PRC for the periods indicated.
- (3) Average securities brokerage commission rate in the PRC = commission and fee income on securities brokerage in the PRC/trading turnover of stocks and funds in the PRC by our clients.
- (4) Average securities brokerage commission rate in Hong Kong = commission and fee income on securities brokerage in Hong Kong/trading turnover of Hong Kong shares by our clients.
- (5) Consists of (i) margin loan balance to institutional clients, (ii) market value of securities lent to institutional clients, (iii) margin loan balance to wealth management clients, and (iv) market value of securities lent to wealth management clients.
- (6) Daily average investment amount = aggregate of daily trading positions of our principal investment activities/the number of trading days in the relevant periods.
- (7) Net gain = income associated with principal investment activities (including, but not limited to, investment income and interest income) - cost associated with principal investment activities (including, but not limited to, interest expenses for external funds which were used to finance our principal investment activities).
- (8) Average return rate = net gain from our principal investment activities/daily average investment amount of principal investment, and annualizing the result. The daily average investment amount of principal investment includes the external funding (such as proceeds from financial assets sold under repurchase agreements) that we used to enhance our return on principal investment.

Our average securities brokerage commission rates in the PRC decreased during the Track Record Period primarily due to the price competition among securities firms in the securities brokerage business in China. Amount of debt and structured financing products underwritten as a lead underwriter significantly decreased in 2013 compared to 2012, primarily due to decreased debt financing activities in China in 2013 as a result of tightened market liquidity and weak debt market condition. Balance of margin loans and securities lent grew rapidly during the Track Record Period as a result of increased market demand for such services and our efforts to develop capital-based intermediary businesses.

RISK MANAGEMENT, CAPITAL ADEQUACY AND LIQUIDITY

We believe that risk management creates value. Our risk management has endeavored to allocate risk-based capital efficiently, limit risks to a controllable level, maximize our enterprise value, and solidify the foundation for our sustainable, steady and healthy development. We have established sound corporate governance practice, as well as robust risk management measures and internal control systems. The CSRC assigns a regulatory rating to each securities firm in China each year based on the effectiveness of its internal control and risk management. The CSRC rated us “AA”, the highest rating given to PRC securities firms by the CSRC so far, for nine consecutive years from 2007 when the CSRC adopted the rating framework.

We have set up a dynamic alarm mechanism on the Net Capital, the liquidity coverage ratio and the net stable funding ratio to monitor and analyze various capital resources and risk control indicators. As of December 31, 2012, 2013 and 2014 and June 30 and September 30, 2015, we were in compliance with all of the capital adequacy and risk control indicator requirements.

SUMMARY

The following table sets forth our Net Capital and key regulatory risk indicators of our Company prepared in accordance with the PRC GAAP as of the date indicated.

	As of December 31,			As of June 30,	As of September 30,	Warning level ⁽¹⁾	Minimum/ Maximum level
	2012	2013	2014	2015	2015		
Net Capital ⁽²⁾ (in millions of RMB)	5,111.2	4,326.9	4,540.6	5,158.0	5,780.3	—	—
Net Capital/total risk capital reserves ⁽³⁾	654.9%	642.8%	551.7%	483.1%	493.2%	≥120.0%	≥100.0%
Net Capital/net assets	102.7%	83.3%	78.2%	51.7%	56.1%	≥48.0%	≥40.0%
Net Capital/total liabilities ⁽⁴⁾	45.6%	29.2%	27.1%	21.2%	25.3%	≥9.6%	≥8.0%
Net assets/total liabilities ..	44.4%	35.1%	34.7%	41.1%	45.0%	≥24.0%	≥20.0%
Value of equity securities and derivatives held/Net Capital	24.3%	27.4%	30.3%	33.1%	27.2%	≤80.0%	≤100.0%
Value of fixed-income securities held/Net Capital	196.8%	254.4%	210.1%	230.9%	249.8%	≤400.0%	≤500.0%
Liquidity coverage ratio ⁽⁵⁾ ..	N.A.	N.A.	356.4%	312.4%	357.3%	≥120.0% ⁽⁷⁾	≥100.0%
Net stable funding ratio ⁽⁶⁾ ..	N.A.	N.A.	127.4%	142.4%	194.7%	≥120.0% ⁽⁷⁾	≥100.0%

- (1) The warning level is set by the CSRC according to the Risk Control Indicator Measures. If an indicator is required to stay above a minimum level, the warning level is 120% of the minimum requirement, and if an indicator is required to stay below a maximum level, the warning level is 80% of the maximum requirement.
- (2) Net Capital equals net assets minus risk adjustments of financial assets, other assets and contingent liabilities as well as other adjustments determined or authorized by the CSRC.
- (3) Risk capital reserves are reserves required by the CSRC to cover losses that securities firms may incur in their ordinary course of business. Such reserves are calculated based on the scale of business, the number of securities branches and the previous year's operating expenses.
- (4) For purpose of calculating the risk control indicators, the accounts payable to brokerage clients are deducted from total liabilities.
- (5) Liquidity coverage ratio = high quality liquid assets/total net cash outflows over the next 30 days × 100%. The calculation of liquidity coverage ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies (《證券公司流動性風險管理指引》) issued by the SAC effective on March 1, 2014. The high quality liquid assets refers to assets which can be readily converted into cash at small or no loss of value in the financial market under a stress scenario. The total net cash outflows over the next 30 days equals total expected cash outflows minus the total expected cash inflows for the subsequent 30 days.
- (6) Net stable funding ratio = available amount of stable funding/required amount of stable funding × 100%. The calculation of net stable funding ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies. The available amount of stable funding is defined as the equity and liabilities which provide stable sources of funds over a one-year period under a continued stress scenario. The required amount of stable funding is calculated as the sum of the value of assets or off-balance sheet exposures of a securities firm, multiplied by the respective factors.
- (7) The warning level became effective since June 30, 2015.

SUMMARY

INTERNAL CONTROL MEASURES OF OUR PRINCIPAL INVESTMENT ACTIVITIES

We engage in trading of fixed-income, equities, currencies and commodities as well as related derivatives products on our own account, which is part of our FICC business. In 2012, 2013, 2014 and the six months ended June 30, 2015, the net gain from our principal investment activities amounted to RMB577.6 million, RMB242.8 million, RMB829.9 million and RMB736.4 million, respectively.

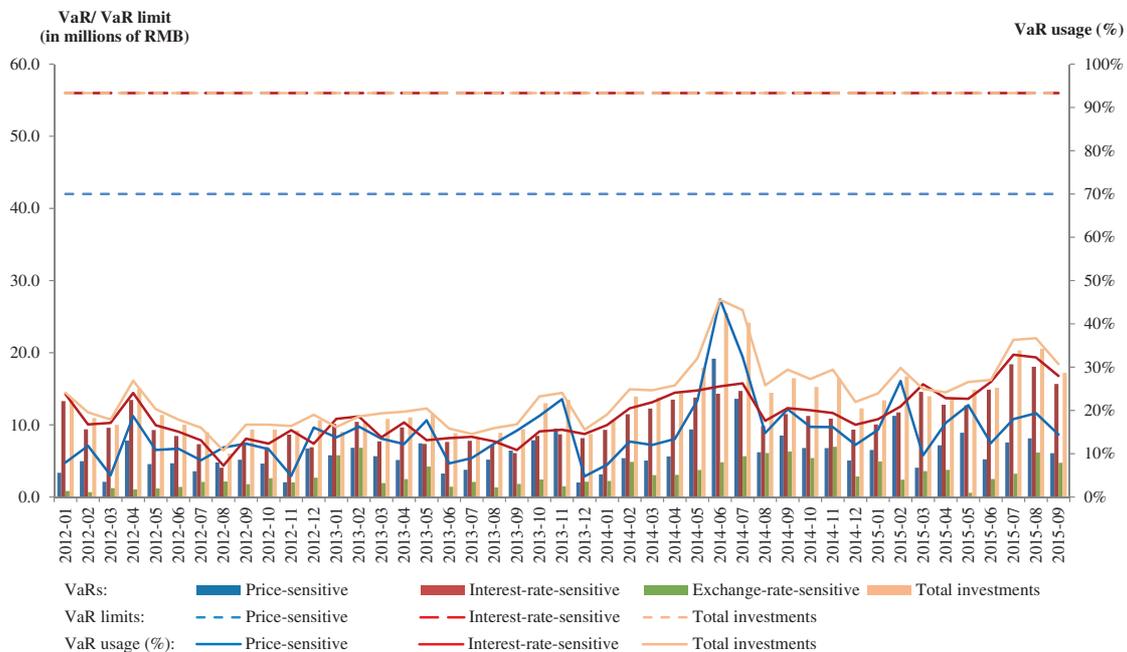
The key risks we monitor for our principal investment activities include market risk, credit risk, liquidity risk, operational risk and compliance risk. We have adopted a prudent value investment approach to achieve stable and absolute returns for our principal investment activities while rigorously managing risks. We have implemented the following internal control measures for our principal investment activities:

- the Management Committee as authorized by our Board of Directors sets our overall risk limits (including the total notional value and total VaR limit) for principal investment, and the Chief Risk Officer approves the specific risk limits including indicators of interest rate sensitivity, credit spread sensitivity and equity price sensitivity;
- our Treasury Department strictly adheres to the trading limits set by the senior management when it allocates the internal funds to our FICC Department;
- we have established a monitoring and reporting system to monitor our trading activities on a daily basis. Our Risk Management Department makes written reports containing a summary of our trading activities and the existing status on our risk and trading limits and submits such report to the responsible business people on a daily basis, and periodically provides written and oral reports to our senior management;
- we have established a mechanism under which our Chief Risk Officer has the authority to approve any excess over the specific risk limits; and
- we have set the VaR limit for our total investment portfolio, investments in interest-rate-sensitive financial instruments and investments in price-sensitive financial instruments at RMB56 million, RMB56 million and RMB42 million, respectively. When the daily VaR approaches 90% of the VaR limit, our Risk Management Department will give a warning to the relevant business departments. To determine the VaR limit for our total investment portfolio, the Management Committee considers the diversification of different asset types of our investment portfolio and the risk of the investments in comparison with our capital. The Management Committee reviews the VaR limit for our total investment portfolio each year.

SUMMARY

The chart below sets forth our VaRs and VaR limits by risk categories as of the end of each month during the Track Record Period and up to September 30, 2015.

Monthly VaR Chart



- (1) VaR usage is calculated by dividing VaR as of a particular date by the pre-determined VaR limit.
- (2) Because our exposure to exchange-rate-sensitive financial instruments is small, we haven't set forth a separate VaR limit for such financial instruments. Such exposure is taken into account in the VaR limit for our total investment portfolio and we compute the daily VaR for these financial instruments.

For more details, see “Business — Internal Control Measures — Principal Investment” and “Financial Information — Quantitative and Qualitative Analysis of Financial Risk — Market Risk — Market Risks of Trading Portfolios.”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Company was converted into a joint stock company with limited liability in June 2015. For more details, see “Our History and Corporate Structure.”

We acquired the entire equity interest in Fortune Futures, a PRC-based futures brokerage company, from Jianyin Investment, a wholly owned subsidiary of Huijin, for a total consideration of RMB247.7 million in August 2015. See “Our History and Corporate Structure” for more details of the acquisition, Note 57(a) to the Accountants’ Report in Appendix I to this prospectus for the historical financial information of Fortune Futures and Appendix II for the pro forma financial information in respect of the enlarged group.

SUMMARY

Recently, the PRC A share market has been volatile. It experienced a significant surge from the second half of 2014 to mid-June 2015, which was followed by a sharp decline. The PRC Government has taken monetary and regulatory measures to stabilize the market. In addition, starting from mid-August 2015, the global equity markets, including the United States, Europe and Hong Kong, also experienced increased volatilities. We expect that these market volatilities and the various measures adopted by the PRC Government may have certain impacts on our business lines post the Track Record Period:

- *Investment banking.* The slowdown of the approval process of the A share IPOs by the CSRC may negatively impact our investment banking business in 2015 as certain of our pipeline A share IPOs are delayed or may be cancelled. At the same time, we also expect that certain of prospective A share IPO issuers will choose to list on alternative venues such as the Hong Kong Stock Exchange or choose to pursue reverse takeovers for the purpose of listing, or pursue trade sales. We have extensive experience in such transactions. We are also aware that the global market condition and sentiment remain uncertain, which are demonstrated by the recent declines in major international equity markets including Hong Kong. Such market sentiment, if it persists, may dampen investor enthusiasm and thus has industry-wide negative impact on investment banking in general.
- *Equity Sales and Trading.* A significant majority of our equity sales and trading business focuses on the PRC and Hong Kong markets and have limited exposure to other international markets. If client activities and trading volume continue to decrease significantly in light of market volatility, we expect that our equity sales and trading business will be materially and negatively impacted in some aspects. Although we believe certain of the market stabilization measures adopted by the PRC Government, such as the relaxation in regulations on margin trading, liquidity assistance provided by the PBOC and reduction of trading fees by the Shanghai and Shenzhen stock exchanges, may provide incentive for increased client trading activities, market uncertainties still remain. Meanwhile, our equity sales and trading business has a large, diverse and high-quality institutional client base both domestically and overseas, who to some extent exhibit stable investment behaviours during periods of market volatility, which in turn help stabilize our business. In the long run, we expect a growing number of institutional investors to participate in PRC's capital market. In time of market volatility, we expect potential clients to seek experienced and reputable investment banks to execute their transactions and to have increasing demands in risk management and market research. We plan to take advantage of our premier brand name, professional services and cross-selling capabilities to attract more sophisticated institutional investors to increase our market shares.
- *FICC.* The A share and other international equity market declines are likely to negatively impact the fair value of our principal investment portfolio which is usually marked-to-market. For the six months ended June 30, 2015 and the eight months ended August 31, 2015, our net gain from principal investment activities was RMB736.4 million and RMB789.3 million respectively.

SUMMARY

The following table sets forth our investment position for principal investment activities by asset class as of June 30 and August 31, 2015, respectively.

	As of June 30, 2015	As of August 31, 2015
	(in millions of RMB)	
Fixed-income	13,045.5	13,948.8
Equities	650.3	607.4
Derivatives	182.5	177.9
Total	13,878.3	14,734.1

A major part of our principal investment portfolio consists of fixed income securities which was less influenced by the fluctuation in the A share or other international equity markets. We also hedge our equity positions using stock index futures. Aside from principal investment, we believe that the A share and other international equity market volatilities have limited impact on other parts of our FICC business.

- *Wealth Management Services.* We expect that certain part of our wealth management services, such as transactional services and the capital-based intermediary services, may be negatively impacted by A share and other international equity market declines as clients may decrease their trading activities. On the other hand, we also expect that parts of our wealth management services, such as our advisory service and our product service may be able to benefit from the current circumstance. Our wealth management business is advice-driven and we offer tailored products to meet our clients' needs. Therefore, we expect that our wealth management clients, who are mostly high-net-worth individuals, will seek more insightful advice and tailored products from us to optimize their asset allocation in the time of volatile market. We plan to take advantage of our excellent reputation in wealth management to retain our existing clients and attract new clients and to increase our market share.
- *Investment Management.* We expect that the volatility in the A share and other international equity markets will not have significant impact on the development of our investment management business. Our investment management business is diversified and the majority of the investment assets we manage consists of pension and annuity plans that are robust and steady in nature. Volatilities in the A share market and other international equity markets have limited impact on investment schemes and assets of such nature.

The significant increases in our revenue and profit from 2013 to 2014 and further to the first half of 2015 were partly due to the significant surge in the A share market from the second half of 2014 to mid-June 2015. Market volatilities, especially in the A share and Hong Kong equity markets, if they persist, are expected to materially and negatively impact our revenue and profit for the second half of 2015. Nevertheless, there remain uncertainties with respect to the markets' future movements and how long such volatilities will continue. In light of the PRC Government's measures to stabilize the market, we also adopted certain additional risk control measures and we have been able to fully

SUMMARY

implement our risk management and internal control measures during the recent period of market volatilities. For more details on the risks we face, see “Risk Factors — Risks Relating to Our Business and Industry — Changes in the general economic and market conditions in China and other jurisdictions where we operate could materially and adversely affect our business” and “Risk Factors — Risks Relating to Our Business and Industry — Our investment banking business is subject to various risks associated with underwriting of securities offering and financial advisory services and we cannot assure you that our underwriting and sponsoring fees and financial advisory fees can be sustained.”

The market volatilities in the A share and Hong Kong equity markets have affected our principal business lines. The amount of equity offerings underwritten by us as a lead underwriter or bookrunner in July and August 2015 was RMB9,936.0 million attributable to follow-on equity offerings compared to RMB84,446.2 million in the first half of 2015. The amount of debt and structured financing products underwritten by us as a lead underwriter in July and August 2015 was RMB16,980.0 million compared to RMB129,081.0 million in the first half of 2015. The trading turnover of stocks and funds by our brokerage clients in the PRC in July and August 2015 was RMB513.5 billion compared to RMB1,498.1 billion in the first half of 2015. The trading turnover by our brokerage clients in Hong Kong in July and August 2015 was HK\$54.3 billion compared to HK\$197.1 billion in the first half of 2015. The balance of our margin loans and securities lent was RMB2,713.8 million as of August 31, 2015 compared to RMB6,453.9 million as of June 30, 2015. The AUM of our asset management business amounted to RMB95,554 million as of August 31, 2015 compared to RMB110,167 million as of June 30, 2015.

Based on our unaudited management accounts, for the two months ended August 31, 2015, our total revenue and other income was RMB1,096.4 million, which was equivalent to 22.5% of the total revenue and other income for the first half of 2015. Our total revenue and other income for the two months ended August 31, 2015 increased by 9.5% compared to RMB1,001.5 million for the same period of 2014. Our staff costs remained relatively stable at RMB408.9 million for the two months ended August 31, 2015 compared to RMB418.5 million for the same period of 2014. Our interest expenses increased by 61.4% to RMB206.4 million for the two months ended August 31, 2015 from RMB127.8 million for the same period of 2014, primarily due to an increase in interest expenses of accounts payable to brokerage clients and an increase in debt instruments we issued in 2015. Our other operating expenses increased by 12.2% to RMB146.9 million for the two months ended August 31, 2015 from RMB130.9 million for the same period of 2014, primarily due to increases in business development expenses, traveling and transportation expenses and professional service fees. Our fee and commission expenses decreased by 19.3% to RMB65.5 million for the two months ended August 31, 2015 from RMB81.1 million for the same period of 2014, primarily due to a decrease in selling commission for certain asset management product.

The audited financial information for the six months ended June 30, 2015 is set forth in “Appendix I — Accountants’ Report” to this prospectus. The unaudited financial information for the eight months ended August 31, 2015 has been derived from our condensed consolidated interim financial statements for the eight months ended August 31, 2015, which have been reviewed by our reporting accountants in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

SUMMARY

The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On August 11, 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78% from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. In response to the changes in exchange rate of Renminbi, we have taken active risk management measures to control our exchange risk exposure arising out of principal investment activities and cross-border financial products. Our senior management has set an overall exchange risk exposure limit. The business departments monitor and seek to manage their respective risk exposures within the prescribed limit and are urged to enter into hedging arrangements, primarily in the form of foreign exchange forward arrangements, to minimize any exposure beyond the prescribed limit. The Risk Management Department monitors our exchange risk exposure and the hedging arrangements on a daily basis to ensure our daily risk exposure within the prescribed limit.

Except as disclosed above, our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that, as of the date of this prospectus, there has been no other material adverse change in our financial position or prospects since June 30, 2015 and there has been no other event since June 30, 2015 which would have material adverse effect on the information presented in the Accountants' Report in Appendix I to this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$9.70 per H Share (being the mid-point of the stated range of the Offer Price of between HK\$9.12 and HK\$10.28 per H Share), we estimate that we will receive net proceeds of approximately HK\$5,169.3 million from the Global Offering (after deducting (i) the net proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other estimated expenses and assuming the Over-allotment Option is not exercised).

In line with our business strategies, we intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below:

Intended use of net proceeds	Percentage of the total estimated net proceeds	Amount (in millions of HK\$)
To further develop the businesses of Equity Sales and Trading and FICC	45%	2,326.2
To develop our wealth management business	20%	1,033.9
To develop our investment management business	5%	258.5
To use in our international business to enhance our cross-border capabilities and global influence	20%	1,033.9
To use for working capital and general corporate purposes	10%	516.9

SUMMARY

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, and to the extent permitted by applicable laws and regulations, we intend to apply our net proceeds to short-term investment such as liquid assets classes. For more details, see “Future Plans and Use of Proceeds.”

OFFER STATISTICS

The Global Offering comprises (i) the Hong Kong Public Offering of 61,140,800 H Shares (subject to adjustment) in Hong Kong (including 6,113,600 Hong Kong Reserved Shares available for subscription by the Eligible Hong Kong Employees on a preferential basis under the Hong Kong Employee Preferential Offering as further described in “Structure of the Global Offering” in this prospectus), and (ii) the International Offering of 550,265,600 H Shares (subject to adjustment and the Over-allotment Option) in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and outside the United States in reliance on Regulation S (including 55,026,400 International Reserved Shares available for subscription by the Eligible Hong Kong Employees or Eligible International Employees on a preferential basis under the International Employee Preferential Offering as further described in “Structure of the Global Offering” in this prospectus).

The statistics in the following table are based on the assumption that: (a) the Global Offering has been completed and 555,824,000 H Shares have been newly issued, and (b) the Over-allotment Option has not been exercised.

	Based on minimum indicative Offer Price of HK\$9.12	Based on maximum indicative Offer Price of HK\$10.28
Market capitalization of our Shares ⁽¹⁾	HK\$20,276.5 million	HK\$22,855.5 million
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾	HK\$7.80	HK\$8.09

(1) The calculation of market capitalization is based on 2,223,297,000 Shares issued and outstanding following the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of our Company is arrived at after the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information — B. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets.”

SUBSTANTIAL SHAREHOLDERS

Huijin will directly and indirectly hold an interest of approximately 30.01% of our total issued share capital following completion of the Global Offering (assuming no exercise of the Over-allotment Option). For more details, see “Relationship with Huijin” and “Share Capital.” For further information on Huijin and our other substantial Shareholders, see “Substantial Shareholders.”

SUMMARY

MANAGEMENT OF OUR GROUP

Our Management Committee is responsible for supporting the Chief Executive Officer to manage our Group. It currently consists of nine members as further described in “Directors, Supervisors and Senior Management — Management of our Group.”

During the Track Record Period, we have experienced certain changes in our core management team. For example, our former Chief Executive Officer and our former Chief Financial Officer resigned their positions in October 2014 and January 2014 respectively, each due to personal reasons. See “Risk Factors — Risks Relating to Our Business and Industry — Our operations depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them.” Our current Chief Executive Officer and Chief Financial Officer assumed the positions since March 2015 and January 2014 respectively. Notwithstanding the aforementioned changes, majority of the members of the core management of our Group who are considered most relevant and responsible for the results of our Group during the Track Record Period are expected to continue to hold key management positions of our Group upon Listing and the majority of the existing core management team has held key management positions of various business and operational functions prior to and throughout the Track Record Period.

DIVIDEND POLICY

We did not declare or pay cash dividends to our Shareholders in 2012, 2013 and 2014. As approved by our Shareholders’ general meeting, our existing and new Shareholders will be entitled to our accumulated undistributed profits prior to the Global Offering.

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders’ general meeting for approval. We currently do not have any specific dividend policy. The determination of whether to pay a dividend and in what amount is based on our results of operations, cash flows, financial condition, capital adequacy ratio, cash dividends we receive from our subsidiaries, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board of Directors deems relevant.

In accordance with our Articles of Association, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRS or the accounting rules of the listing venue, whichever is lower.

RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and industry, (ii) risks relating to China, and (iii) risks relating to the Global Offering.

We believe our major risk factors include:

- Changes in the general economic and market conditions in China and other jurisdictions where we operate could materially and adversely affect our business.

SUMMARY

- We are subject to extensive and evolving regulatory requirements in China and other jurisdictions where we operate. New legislation or changes of regulatory requirements may affect our business operations and prospects.
- We face intense competition across our business lines.

For further information relating to the risks relating our business and an investment in our Shares, see “Risk Factors.”

REGULATORY MATTERS

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in the PRC, Hong Kong and other jurisdictions where we operate, including but not limited to the CSRC, the SAC, the PBOC, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange, the Hong Kong SFC, the Monetary Authority of Singapore, the Financial Conduct Authority of the U.K. and Financial Industry Regulatory Authority of the United States. On May 30, 2014, the CSRC issued a warning letter stating that we had conducted improper publicity activities during the underwriting process for the IPO of Jiangsu Aosaikang Pharmaceutical Co., Ltd. (江蘇奧賽康藥業股份有限公司). The Hubei Bureau of the CSRC inspected our margin financing and securities lending business in February 2015 and the CSRC issued a warning letter on April 2, 2015 stating that we had account opening and contract extension issues. In addition, we may be subject to inspections and examinations by the regulatory authorities in the PRC, such as the CSRC, as well as the regulatory authorities in other jurisdictions where we operate, which may reveal deficiencies with respect to our business operations, risk management and internal controls. For more details, see “Business — Legal and Regulatory.”

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Listing and the Global Offering. As of June 30, 2015, we incurred listing expenses of RMB38.7 million and the total listing expenses to be borne by us are estimated to be approximately RMB182.1 million, of which approximately RMB119.4 million is directly attributable to the issue of H Shares to the public and to be capitalized, and approximately RMB62.7 million has been or is expected to be reflected in our consolidated statements of profit or loss and other comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations for 2015.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), GREEN Application Form(s) and PINK Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the Listing Date and a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“basis point(s)”	a unit relating to interest rates that is equal to 1/100th of a percentage point per annum
“Board” or “Board of Directors”	the board of directors of our Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CBRC”	the China Banking Regulatory Commission* (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“certified public accountants”	the title of qualified accountants who have passed the Uniform Certified Public Accountant Examination and can therefore engage in audit and accounting advice and accounting services business

DEFINITIONS

“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“China Financial Futures Exchange”	the China Financial Futures Exchange* (中國金融期貨交易所)
“China Futures Association” or “CFA”	the China Futures Association* (中國期貨業協會)
“China Investment Consulting”	China Investment Consulting Co., Ltd.* (中國投資諮詢有限公司), a company incorporated in the PRC in March 1986 and a wholly owned subsidiary of Jianyin Investment and a Shareholder of our Company
“China Securities Finance”	China Securities Finance Corporation Limited* (中國證券金融股份有限公司), a joint stock company established under the direction of the State Council to provide, among other functions, funding and securities refinancing services to support the margin financing and securities lending businesses of PRC securities firms
“CICC Fund Management”	CICC Fund Management Co., Ltd.* (中金基金管理有限公司), a company incorporated in the PRC in February 2014 and a wholly owned subsidiary of our Company
“CICC HK AM”	China International Capital Corporation Hong Kong Asset Management Limited (中國國際金融香港資產管理有限公司), a company incorporated in Hong Kong in December 2005 and a wholly owned subsidiary of CICC Hong Kong
“CICC HK Futures”	China International Capital Corporation Hong Kong Futures Limited (中國國際金融香港期貨有限公司), a company incorporated in Hong Kong in August 2010 and a wholly owned subsidiary of CICC Hong Kong
“CICC HK Securities”	China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), a company incorporated in Hong Kong in March 1998 and a wholly owned subsidiary of CICC Hong Kong
“CICC Hong Kong”	China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司), a company incorporated in Hong Kong in April 1997 and a wholly owned subsidiary of our Company
“CICC Investment Group”	CICC Investment Group Company Limited, a company incorporated in the British Virgin Islands in September 2006 and a wholly owned subsidiary of CICC Hong Kong

DEFINITIONS

“CICC Jiacheng”	CICC Jiacheng Investment Management Corporation Limited* (中金佳成投資管理有限公司), a company incorporated in the PRC in October 2007 and a wholly owned subsidiary of our Company
“CIRC”	the China Insurance Regulatory Commission* (中國保險監督管理委員會)
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “CICC”	China International Capital Corporation Limited (中國國際金融股份有限公司), a joint stock limited company in the PRC converted from China International Capital Corporation Limited (中國國際金融有限公司), a Chinese-foreign equity joint venture, on June 1, 2015
“Company Law” or “PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited* (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission* (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“Domestic Shares”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi
“EIT”	enterprise income tax of the PRC
“EIT Law”	Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Eligible Connected Client”	a director or employee of CICC HK Securities who is an Eligible Employee
“Eligible Director and Close Associate”	a director of our Group or his/her close associate who is an Eligible Employee
“Eligible Employee”	Eligible Hong Kong Employee and Eligible International Employee
“Eligible Hong Kong Employee”	an employee, director or supervisor of our Group who is neither an existing beneficial owner of Shares or of shares of any of the subsidiaries of our Company nor a close associate of the foregoing and satisfies the following criteria: (a) is at least 18 years of age, (b) has a Hong Kong address, (c) was an employee, director or supervisor of our Group as of the Latest Practicable Date and remains an employee, director or supervisor as of the date of this prospectus, (d) is outside the U.S. and not a U.S. person (as defined in Rule 902 of Regulation S), and (e) is not a legal or natural person of the PRC
“Eligible International Employee”	an employee, director or supervisor of our Group who is neither (i) an Eligible Hong Kong Employee, nor (ii) an existing beneficial owner of Shares or of shares of any of the subsidiaries of our Company nor a close associate of the foregoing and satisfies the following criteria: (a) is at least 18 years of age, (b) was an employee, director or supervisor of our Group as of the Latest Practicable Date and remains an employee, director or supervisor as of the date of this prospectus, and (c) is outside the U.S. and not a U.S. person (as defined in Rule 902 of Regulation S)
“Employee Preferential Offering”	the Hong Kong Employee Preferential Offering and the International Employee Preferential Offering
“Employee Reserved Shares”	the Hong Kong Reserved Shares and the International Reserved Shares
“Exchange Participant”	a person: (a) who, in accordance with the Rules of the Hong Kong Stock Exchange, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“FICC”	fixed income, commodities and currencies
“Financial Advisor”	Lazard Asia (Hong Kong) Limited

DEFINITIONS

“Fortune Futures”	Fortune Futures Co., Ltd.* (財富期貨有限公司), a company incorporated in the PRC in 2004 and our wholly owned subsidiary
“GIC”	GIC Private Limited, a company incorporated in Singapore in May 1981 and a Shareholder of our Company
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market of the Hong Kong Stock Exchange
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Great Eastern”	The Great Eastern Life Assurance Company Limited, a company incorporated in Singapore in 1908 and a Shareholder of our Company
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
“H Share(s)”	ordinary shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HKIAC”	Hong Kong International Arbitration Centre
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Employee Preferential Offering”	the preferential offering of the Hong Kong Reserved Shares to the Eligible Hong Kong Employees for subscription at the Offer Price on a preferential basis, as further described in “Structure of the Global Offering” in this prospectus
“Hong Kong Exchanges and Clearing Limited”	Hong Kong Exchanges and Clearing Limited (香港交易及結算有限公司), a company which operates a stock market and futures market in Hong Kong through its wholly owned subsidiaries the Hong Kong Stock Exchange and Hong Kong Futures Exchange Limited
“Hong Kong Offer Shares”	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering, including the Hong Kong Reserved Shares
“Hong Kong Public Offering”	the offering by our Company of initially 61,140,800 H Shares for subscription by the public in Hong Kong (subject to adjustment) at the Offer Price (plus brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee), on and subject to the terms and conditions described in this prospectus and the Application Forms as further described in “Structure of the Global Offering” in this prospectus
“Hong Kong Reserved Shares”	the 6,113,600 Hong Kong Offer Shares being offered pursuant to the Hong Kong Employee Preferential Offering
“Hong Kong Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters listed in “Underwriting — Hong Kong Underwriters” in this prospectus, being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 26, 2015 relating to the Hong Kong Public Offering entered into by, among others, the Hong Kong Underwriters and our Company, as further described in “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement” in this prospectus
“Huijin”	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a wholly state-owned company ultimately owned by the PRC Government, which directly and indirectly held approximately 43.35% of the equity interests in our Company as of the Lastest Practicable Date

DEFINITIONS

“I&G”	China National Investment and Guaranty Corporation* (中國投融資擔保股份有限公司), a company incorporated in the PRC in 1993 and a Shareholder of our Company
“IASB”	the International Accounting Standards Board
“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“independent third party(ies)”	a person who, as far as the Directors are aware after having made all reasonable enquiries, is not connected with our Company (within the meaning of the Listing Rules)
“International Employee Preferential Offering”	the preferential offering of the International Reserved Shares to the Eligible Employees for subscription at the Offer Price on a preferential basis, as further described in “Structure of the Global Offering” in this prospectus
“International Offer Shares”	the H Shares offered by the Company and the Selling Shareholders pursuant to the International Offering, including the International Reserved Shares
“International Offering”	the offer by the Company for subscription of initially 494,683,200 H Shares and the sale by the Selling Shareholders of 55,582,400 H Shares to institutional, professional, corporate and other investors (subject to adjustment and the Over-allotment Options), as further described in “Structure of the Global Offering” in this prospectus
“International Reserved Shares”	the 55,026,400 International Offer Shares being offered pursuant to the International Employee Preferential Offering
“International Underwriters”	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering to be entered into on or about October 30, 2015 by, among others, our Company, the Selling Shareholders and the International Underwriters, as further described in “Underwriting” in this prospectus

DEFINITIONS

“Jianyin Investment”	China Jianyin Investment Ltd.* (中國建銀投資有限責任公司), a company incorporated in the PRC in June 1986 and a wholly owned subsidiary of Huijin and a Shareholder of our Company
“JIC Investment”	JIC Investment Co., Ltd. (建投投資有限責任公司), a company incorporated in the PRC in October 2012 and a wholly owned subsidiary of Jianyin Investment and a Shareholder of our Company
“Joint Global Coordinators”, “Joint Bookrunners” or “Joint Lead Managers”	China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C., CMB International Capital Limited, CCB International Capital Limited, ICBC International Capital Limited (<i>as a Joint Global Coordinator and a Joint Bookrunner</i>), ICBC International Securities Limited (<i>as a Joint Lead Manager</i>), ABCI Capital Limited (<i>as a Joint Global Coordinator and a Joint Bookrunner</i>), ABCI Securities Company Limited (<i>as a Joint Lead Manager</i>), BOCOM International Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, China Galaxy International Securities (Hong Kong) Co., Limited, DBS Asia Capital Limited, Southwest Securities (HK) Brokerage Limited
“Joint Sponsors”	CICC HK Securities and ABCI Capital Limited
“KKR Institutions Investments”	KKR Institutions Investments L.P., a limited partnership established in Delaware on February 8, 2010 and a shareholder of our Company
“Latest Practicable Date”	October 19, 2015, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about November 9, 2015, on which our H Shares are listed and from which dealings therein commence on the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including in Hong Kong), which were promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic Systems on August 27, 1994
“Mingly”	Mingly Corporation, a company incorporated in Cayman Islands, and registered in Hong Kong in 1988 and a Shareholder of our Company
“Ministry of Finance” or “MOF”	the Ministry of Finance of the PRC* (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC* (中華人民共和國商務部)
“NAFMII”	the National Association of Financial Market Institutional Investors* (中國銀行間市場交易商協會)
“NASDAQ”	National Association of Securities Dealers Automated Quotations, an US stock exchange
“NSSF”	the National Council for Social Security Fund of the PRC* (全國社會保障基金理事會)
“NDRC”	the National Development and Reform Commission of the PRC* (中華人民共和國國家發展和改革委員會)
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“NYSE”	New York Stock Exchange, a US stock exchange
“nominal GDP”	a gross domestic product (GDP) figure that has not been adjusted for inflation, also known as “current dollar GDP” or “chained dollar GDP”

DEFINITIONS

“Non-PRC Resident Enterprise”	as defined under the EIT Law, means companies established pursuant to a non-PRC law with their de facto management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC
“NPC”	the National People’s Congress of the PRC* (中華人民共和國全國人民代表大會)
“OECD”	the Organization for Economic Co-operation and Development
“Offer Price”	the final offer price per H Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued, or purchased and sold pursuant to the Global Offering as described in “Structure of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option granted by us and the Selling Shareholders to the International Underwriters, exercisable by the Underwriters’ Representative (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company and the Selling Shareholders to issue or to sell up to an aggregate of 91,709,200 additional H Shares at the Offer Price, representing approximately 15% of the Offer Shares initially available under the Global Offering, to cover, among other things, over-allocations in the International Offering, if any
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PINK Application Form(s)”	the application form(s) for use by Eligible Hong Kong Employees to subscribe for Hong Kong Reserved Shares pursuant to the Hong Kong Employee Preferential Offering
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities

DEFINITIONS

“Price Determination Date”	the date, expected to be on or around October 30, 2015 on which the Offer Price is determined, or such later time as our Company (for ourselves and on behalf of the Selling Shareholders) and the Underwriters may agree, but in any event not later than November 6, 2015
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“province”	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the Central Government of the PRC
“QIBs”	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAC”	the Securities Association of China* (中國證券業協會)
“SAFE”	the State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外匯管理局)
“Sale Shares”	the 55,582,400 H Shares to be converted from an equal number of ordinary shares of the Company with a nominal value of RMB1.00 each held by the Selling Shareholders to be offered for sale by the Selling Shareholders as part of the International Offering at the Offer Price, subject to any adjustment and, where relevant, any additional ordinary shares which may be sold pursuant to the exercise of the Over-allotment Option, and references to “Sale Shares” shall include, where the context requires, the ordinary shares from which the Sale Shares are converted
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC* (國家稅務總局)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Securities Law”	the Securities Law of the PRC* (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Securities Times”	Securities Times Newspaper* of the PRC (證券時報)
“Selling Shareholders”	Huijin, Jianyin Investment, JIC Investment and China Investment Consulting, which will be selling the Sale Shares in the International Offering as further described in “Structure of the Global Offering — The Selling Shareholders” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 per share
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shenzhen
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“SMEs”	small-and medium-sized enterprises
“SOE(s)”	state-owned enterprise(s)
“Special Regulations”	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
“Stabilizing Manager”	CICC HK Securities
“State Council”	the State Council of the PRC* (中華人民共和國國務院)
“Supervisor(s)”	supervisor(s) of our Company

DEFINITIONS

“Supervisory Committee”	the supervisory committee of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“TPG”	TPG Asia V Delaware, L.P., a limited partnership established in the United States in 2009 and a Shareholder of our Company
“Track Record Period”	the three years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriters’ Representative”	CICC HK Securities
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.” or “USA” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Foreign Shares”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in a currency other than Renminbi, and are held by foreign investors and are not listed on any stock exchange
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO www.eipo.com.hk
“White Form e-Refund”	a refund in respect of wholly or partially unsuccessful applications by way of White Form eIPO which will be sent to the applicant by crediting to the applicant’s designated bank account
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

DEFINITIONS

“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent

In this prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “” and are provided for identification purposes only.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“A shares”	the shares that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in Renminbi
“A+H”	A shares plus H shares
“AUM”	assets under management
“B shares”	foreign invested shares that are traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange in U.S. dollars or HK dollars
“CAGR”	compound annual growth rate
“ChiNext Board”	the growth enterprise board launched by the Shenzhen Stock Exchange (深圳證券交易所創業板)
“collective asset management plan(s)”	an asset management contract entered into with multiple clients by a securities firm in the PRC, pursuant to which the clients’ assets are placed in custody of commercial banks with qualification to hold client transaction settlement funds or other institutions approved by the CSRC, and the securities firm provides asset management services to the clients through designated accounts
“CSI 300 Index”	a capitalization-weighted stock market index designed to replicate the performance of 300 stocks traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which is compiled by the China Securities Index Company, Ltd.* (中證指數有限公司)
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“ETFs”	exchange-traded funds
“headquarters”	head office of the Company
“IPO”	initial public offering
“IT”	information technology
“LIBOR”	London Interbank Offered Rate
“LOF”	listed open-ended fund
“M&A”	mergers and acquisitions

GLOSSARY OF TECHNICAL TERMS

“Net Capital”	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and contingent liability plus/ minus capital from other adjustments recognized or approved by the CSRC
“OTC”	over-the-counter
“Panda bond(s)”	RMB-denominated bond(s) issued by foreign issuer(s) and sold in the PRC
“PBOC benchmark interest rate”	the benchmark demand deposit and loan rate set by the PBOC on financial institutions’ Renminbi deposits
“QDII”	Qualified Domestic Institutional Investor* (合格境內機構投資者)
“QFII”	Qualified Foreign Institutional Investor* (合格境外機構投資者)
“Red Chip”	a China-based company incorporated outside of China and listed on the Hong Kong Stock Exchange
“RQFII”	Renminbi Qualified Foreign Institutional Investor* (人民幣合格境外機構投資者), a pilot program launched in the PRC which allows Hong Kong subsidiaries of PRC brokerage companies and fund houses to facilitate investments of offshore Renminbi into the PRC capital markets
“SIFMA”	Securities Industry and Financial Markets Association in the United States
“SME Board”	the Small and Medium Enterprises Board of the Shenzhen Stock Exchange* (深圳證券交易所中小企業板)
“sponsor representative”	professional representative qualified in the PRC to sponsor and execute the offerings and listings of securities pursuant to the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities of the PRC* (證券發行上市保薦業務管理辦法)
“stock index futures”	cash-settled standardized futures contracts on the value of a particular stock market index
“targeted asset management plan(s)”	a targeted asset management contract entered into by a securities firm in the PRC with a single client, pursuant to which the securities company provides asset management services to the client through accounts under the client’s name
“TMT”	telecommunications, media and technology
“VaR”	value at risk

FORWARD LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “estimate”, “predict”, “aim”, “intend”, “will”, “may”, “plan”, “consider”, “anticipate”, “seek”, “should”, “could”, “would”, “continue”, or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- changes in the global economic conditions and volatility in the global financial markets;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- future developments, trends and conditions in the industry and markets in which we operate;
- the actions and developments of our competitors;
- our business prospects;
- various business opportunities that we may pursue;
- our expansion plans;
- our ability to successfully implement our business plans and strategies;
- our capital expenditure plans;

FORWARD LOOKING STATEMENTS

- our financial condition and performance; and
- our dividend policy.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We 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 prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information contained in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC and most of our operations are conducted in the PRC, which is governed by a legal and regulatory environment that may differ significantly from that of other jurisdictions. For more information concerning the PRC and certain related matters discussed below, see “Regulatory Environment,” “Appendix IV — Summary of Principal Legal and Regulatory Provisions” and “Appendix V — Summary of Articles of Association.”

Risks Relating to Our Business and Industry

Changes in the general economic and market conditions in China and other jurisdictions where we operate could materially and adversely affect our business.

Our business has in the past been, and may in the future be, materially affected by general economic conditions in China and other jurisdictions where we operate, such as macroeconomic and monetary policies, upward and downward trends in the financial market, level of inflation, availability of credit, fluctuations in interest rates and currencies. Our businesses are also directly affected by the risks inherent in the securities markets, such as market volatility, investment sentiments, fluctuations in securities trading volumes, supply of liquidity and perceived creditworthiness of the securities industry in the marketplace. In addition, the global financial market conditions may adversely affect financial market conditions in China. Any sudden and dramatic changes in global and China’s financial market conditions could materially and adversely affect our results of operations and financial condition.

Recently, the PRC A share market has been volatile. The SSE Composite Index initially surged from the second half of 2014 to early June 2015. During this period, the corporate financing activities in the PRC capital markets significantly increased and the stock trading turnover in the domestic stock market also increased due to the favorable market conditions. As a result, our profit for the year increased by 202.2% in 2014 compared to 2013 and our profit for the period increased by 209.4% in the first half of 2015 compared to the first half of 2014, which presented growth rates significantly higher than the growth rate of our profit for the year from 2012 to 2013. However, the domestic A share market has experienced a sharp decline and increased volatility since June 13, 2015. The PRC Government took monetary and regulatory measures to stabilize the market, which may affect market liquidity, new offering pipeline, and the trading activities of certain market participants. In addition, starting from mid-August 2015, the global equity markets, including the United States, Europe and Hong Kong, and the exchange rate of Renminbi against the U.S. dollar also experienced increased volatilities. Market volatilities, especially in the A share and Hong Kong equity markets, if they persist, are expected to materially and negatively impact our revenue and profit for the second half of 2015. Nevertheless, there remain uncertainties with respect to the markets’ future movements and how long such volatilities will continue.

RISK FACTORS

Downturns in general economic conditions and adverse market conditions could materially and adversely affect our business, results of operations and financial condition in various ways, including but not limited to the following:

- the demand of our clients for our services could decrease, resulting in a decline in our revenues from our business lines;
- the value and returns on financial assets we hold for securities trading and investment and the value of investment portfolio for our asset management products may be adversely affected by volatility in the markets;
- we may face increased default risks that a client or counterparty may fail to perform its contractual obligations;
- our financing cost may increase due to the limited access to liquidity and the capital markets, and therefore restricting our ability to raise funding to develop our business; and
- we may not be able to effectively execute our business plans and strategies.

Furthermore, as our businesses are directly affected by the changes in the general economic and market conditions in China and other jurisdictions where we operate, our historical results and the profit growth rate in any particular period are not necessarily indicative of our results and profit growth rate to be expected for any future period.

We are subject to extensive and evolving regulatory requirements in China and other jurisdictions where we operate. New legislation or changes of regulatory requirements may affect our business operations and prospects.

As a participant in the financial industry, we are subject to extensive regulation and must comply with regulatory requirements published by regulatory authorities from time to time in jurisdictions where we operate in various aspects, including capital requirements, business licenses, the types of services and products that we can offer and securities that we can invest and trade in.

We conduct our businesses mainly in China and we operate our businesses in accordance with the existing securities regulatory requirements in China. As the PRC securities industry is still evolving, relevant laws, rules and regulations could change from time to time. New laws, rules and regulations, as well as changes in interpretation or enforcement of existing laws, rules and regulations may materially impact our business operations and prospects. In addition, new products and businesses typically require further development and improvement of regulatory framework. There are uncertainties regarding the adoption of new laws, rules and regulations as well as enforcement of existing laws, rules and regulations by the regulatory authorities in relation to new products and businesses.

RISK FACTORS

We are also subject to extensive regulation and face the risk of significant intervention by regulatory authorities in other jurisdictions where we operate our businesses. New laws or regulations or changes in enforcement of existing laws or regulations applicable to our existing and new businesses may cause us (i) to become subject to revised and expanded regulation and supervision, (ii) to change our business practices, and (iii) to incur significant compliance costs, which may have a material adverse effect on our business, financial condition and results of operations.

We face intense competition across our business lines.

We operate in intensely competitive markets, in particular in the securities markets of China and Hong Kong. We compete on the basis of various factors, including but not limited to, transaction execution capability, capital and access to capital, products and services, pricing, risk management, reputation and professional talents. If we fail to compete effectively against our competitors, it will have a material adverse effect on our business, financial condition, results of operations and prospects.

We principally compete with securities firms, fund management companies and private equity firms in China. Some of our competitors may have certain competitive advantages over us, including a broader range of products and services, greater financial resources, a larger and more diverse client base, a wider branch network, stronger brand recognition and more advanced IT systems. We may also face increasing competition in overseas financial markets where we operate.

In addition, we face increasing competition from commercial banks, insurance companies, trust companies, Internet financial service providers and other companies offering financial or ancillary services. The gradual relaxation of PRC securities regulation and the tendency towards mixed operations in the PRC may cause new competitors, such as commercial banks, to enter into our industry or allow our current competitors to expand the scope of their business. We believe that relaxing restrictions on market access to the PRC securities industry could also induce foreign financial institutions, which are currently subject to PRC regulatory limitations and restrictions on their business activities, to enter into the PRC market.

We have experienced intense price competition in some of our businesses in recent years. For example, the increasingly intense industry competition and the increased use by clients of low-cost electronic trading systems have resulted in downward pressure on our securities brokerage commission rates. In addition, the ability to execute trades electronically, through the Internet and through other alternative trading systems, has increased the pressure on trading commissions and spreads. We expect the rapid development of Internet finance and the trend toward alternative trading systems in China to intensify the competition in the securities industry, which may affect our client base and result in increased pricing pressure for us. In addition, equity and debt underwriting discounts, as well as asset management fee rates, have been under pressure. We believe that we may continue to experience competitive pressures in the future if our competitors seek to obtain market share by further lowering prices.

RISK FACTORS

Our investment banking business is subject to various risks associated with underwriting of securities offering and financial advisory services and we cannot assure you that our underwriting and sponsoring fees and financial advisory fees can be sustained.

In 2012, 2013 and 2014 and for the six months ended June 30, 2015, the revenue and other income of our investment banking segment accounted for 30.6%, 25.0%, 27.3% and 20.4% of our total revenue and other income, respectively.

Our investment banking business was and may in the future be adversely affected by economic and market conditions. Poor economic conditions may adversely affect investor confidence, resulting in significant industry-wide declines in the size and number of securities offerings and M&A, which could have an adverse effect on our revenue from the investment banking business and our profit margins. Adverse market conditions and capital market volatility may also cause delays to, or the termination of, securities offerings underwritten or sponsored by us and M&A advised by us, which may materially and adversely affect our revenue from the investment banking business.

We are exposed to uncertainties in regulatory approvals for securities offerings that we sponsor or underwrite and M&A that we advise. The primary offerings of securities, especially IPOs, and certain types of M&A of listed companies in China and Hong Kong, are subject to reviews and approvals by various regulatory authorities. As a result, the results and timing of regulatory approvals are beyond our control and may cause substantial delays to, or the termination of, securities offerings underwritten by us or M&A advised by us. In response to recent sharp decline of the domestic A share market, the CSRC has announced that it would slow down the approval process of the A share IPO transactions. As a result, certain of our pipeline A share IPOs are delayed or may be cancelled, which we expect to adversely affect the underwriting and sponsoring fees that we receive from A share IPO transactions.

We receive the payment of underwriting commission in most securities offerings and payment of advisory fees in some M&A transactions only after the successful completion of the transaction. If a transaction is not completed as scheduled or at all for any reason, we may not receive underwriting commission or advisory fees for services that we have provided in a timely manner or at all, which could materially and adversely affect our results of operations.

In addition, when acting as sponsor and/or underwriter in securities offerings and listings or as financial advisor for M&A, we may be subject to administrative penalties, regulatory actions, self-disciplinary actions or other legal liabilities for conducting inadequate due diligence in connection with an offering or M&A, fraud or misconduct committed by the parties involved in such transactions, misstatements and omissions in disclosure documents, or other illegal or improper activities that occur in an offering that we sponsor or underwrite or a M&A transaction that we advise. Any of such incidents may adversely affect our reputation, business and results of operations.

RISK FACTORS

Furthermore, China's legislature is in the process of amending the Securities Law which may reform the domestic A share IPO system from an approval-based system to a registration-based system. Although there remain uncertainties regarding implementation of such registration-based system and potential effect on securities firms, Chinese securities firms may face increasing challenges in terms of deal execution, client development, pricing, distribution capabilities and legal risks arising from the adoption of such a registration-based system. If we are unable to adapt our business strategies to such challenges, we may not be able to compete effectively, which could in turn materially and adversely affect our business, financial condition and results of operations.

Reduction in our clients' trading activities or our brokerage commission rates or our failure to maintain or expand our client base could materially and adversely affect our business, financial condition and results of operations.

We generate brokerage commission income for brokerage services to institutional and individual clients in our equity sales and trading business and wealth management business. Our brokerage commission income accounted for 27.1%, 31.7%, 22.9% and 31.0% of our total revenue and other income in 2012, 2013 and 2014 and for the six months ended June 30, 2015, respectively. Our brokerage commission income significantly depends on the turnover of trading that we execute for our clients. Trading turnover is subject to various external factors, including but not limited to general economic and financial market conditions, volatility of stock prices, fluctuations in interest rates, as well as investor behavior. The increasing competition in the PRC securities industry as well as the development of Internet finance and other alternative trading systems could lead to a decrease in our brokerage commission rates, which will adversely affect our brokerage business. As a result, we cannot assure you that our brokerage commission income can be sustained at current levels.

As of June 30, 2015, our equity sales and trading business had over 3,000 institutional clients and our wealth management business had approximately 24,200 clients. However, we cannot assure you that we will be able to continue to maintain or grow our client base. Whether we can retain and attract clients is dependent on our ability to compete with alternative investment products available in the market, level of investment performance, client services and marketing and distribution capabilities. According to a notice published by the CSDC on April 12, 2015, an individual investor in the PRC is allowed to have up to 20 securities trading accounts at the same time from April 13, 2015. Such change has enabled individual investors to choose securities firms that offer the lowest commission charges. If we are unable to address the needs of our clients by maintaining high-quality client services, continuing product innovation and providing value-added services, or if we otherwise fail to meet our clients' demands or expectations, we may lose our existing clients to our competitors or fail to attract new clients. As a result, our business, financial condition and results of operations could be adversely affected.

We may incur substantial losses in connection with our principal investment activities due to market fluctuations and volatility.

We maintain various trading and investment positions in the fixed income, currency, commodity and equity markets. The risk exposure associated with our trading positions in these markets could be different and we could incur substantial losses from our positions due to market fluctuations and volatility. Our trading and investment decisions may lead to gains or losses, and the returns are

RISK FACTORS

uncertain even with our best efforts and judgments. In addition, limited availability of investment options and hedging strategies in China may affect our ability to effectively hedge our exposure to the risks associated with our investments. The hedging instruments or strategies might not be fully effective in mitigating risk under all market conditions or against all types of risks. If any of the hedging instruments or strategies we utilize to hedge our exposures to different risks are not effective, we may suffer losses.

In addition, the values of certain classes of our assets, such as our available-for-sale financial assets, are marked to market. A decline in the value of our available-for-sale financial assets can result in the recognition of impairment losses if our management determines that such decline in value is not temporary. This evaluation is a matter of judgment and subjective assessment of various factors which involve significant uncertainties and beyond our control. See “Financial Information — Significant Accounting Policies and Estimates.” If we recognize impairment losses, our results of operations would be adversely affected.

Our investment management business may be materially and adversely affected by the poor investment performance of our investment products or a significant decline in the size of AUM.

Investment performance affects our AUM and is one of the most important factors in retaining our existing clients and competing for new investment management business. Poor investment returns for our clients in our investment management business, due to either general economic and market conditions or underperformance relative to our competitors by the assets or funds that we manage or investment products that we design or sell, could adversely affect our ability to retain existing assets and to attract new clients or additional assets from existing clients. This could also adversely affect the management and performance fees that we earn on AUM. In addition, we may not be able to keep an increase, or may experience a decrease, in the size of our AUM due to increased competition from other securities firms, fund managers, private equity investment funds, insurance companies, trust companies, banks and other competitors, which could adversely affect our results of operations and financial condition.

Our private equity investment business is subject to various risks associated with investments.

Our private equity investment business generally involves direct equity investments in private companies and management of private equity funds. Before making investments in private equity investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. However, the due diligence investigation that we carry out with respect to any investment opportunity may not identify instances of fraud, accounting irregularities and other improper, illegal or deceptive practices of a target company, which could lead us to overvalue the target company and prevent us from making a profit on such investments. Such an investigation may not necessarily result in the investment being successful. In addition, we may not always be able to make good investment decisions and our investment returns may be uncertain.

RISK FACTORS

The ability of our private equity funds to realize their investments may depend upon the portfolio company's ability to complete a domestic or overseas IPO or trade sale. Even if the securities of our portfolio companies are listed and publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investments to risks of downward movement in market prices during the intended disposition period. We have made and expect to continue to make capital investments in our current and future private equity funds. Contributing capital to these funds is risky, and we may lose some or the entire principal amount of our investments.

We have limited control over our portfolio companies. We are subject to the risk that the majority shareholders or the management of our portfolio companies may act in a manner that does not serve our interests. The general operational risks, such as inadequate or failed internal control of our portfolio companies, may also expose our investments to risks. Furthermore, our portfolio companies may fail to abide by their agreements with us, for which we may have limited or no recourse. If any of the foregoing was to occur, our business, reputation, financial condition and results of operations could be materially and adversely affected.

In recent years, there has been increased competition for private equity investment opportunities resulting from the increased amount of capital invested in alternative funds and high liquidity in the bond market and the increased competition for investment opportunities may reduce our returns in the future.

Failure to identify, fully appreciate or disclose the risks associated with the financial products that we distribute could materially and adversely affect our reputation, client relationships, results of operations and prospects.

We distribute a broad variety of financial products developed in-house or by third-party financial institutions, including fund management companies, trust companies and commercial banks in China. As a third-party distributor, we are not liable for any investment loss or default directly derived from the third-party financial products we distributed to our clients. However, we may be subject to client complaints and possibly litigations which could have an adverse effect on our reputation. In addition, certain of these third-party financial products often have complex structures and involve various risks including credit risks, interest risk, liquidity risk and other risks. Financial products sold to clients are required to be suitable for their financial sophistication and risk-return profile. We cannot assure you that our risk management policies and procedures will be effective in identifying the risks associated with such financial products. If we fail to identify and fully appreciate or disclose the risks associated with the financial products we distribute to clients, or sell unsuitable financial products to clients, and as a result our clients suffer financial loss or other damages, we could be subject to lawsuits brought by clients or regulatory actions, which could damage our reputation and client relationships, and adversely affect our business and prospects.

RISK FACTORS

We face additional risks as we expand our product and service offerings.

We have expanded our products and services in recent years to include, among others, margin financing and securities lending, stock-based lending, total return swaps, online financial services, recommendation and market making on the NEEQ, mutual fund and private equity fund management. We will continue to expand our product and service offerings as permitted by relevant regulatory authorities. New businesses may expose us to additional and potential challenging risks, including, but not limited to:

- we may be unable to obtain sufficient financing to support our business expansion;
- we may be unable to make correct judgment on market conditions for our new business, identify or adequately evaluate the risks of our new business or enhance our risk management capabilities on a timely basis;
- we may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and clients, and our new products and services may fail to meet our profitability expectations or not be accepted by our clients;
- we may be subject to greater regulatory scrutiny and increased credit risks, market risks and operational risks;
- we may have legal disputes with clients due to deficiencies in our new products and our failure to identify the risks associated with new products and match with clients' risk tolerance, which could harm our reputation; and
- we may fail to recruit or retain competent personnel to support the new products and services.

If we are unable to achieve the intended results with respect to our new products and services, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

Any significant disruption in our overseas operations and failure to manage the risks associated with overseas expansion could have a material adverse effect on our overseas business.

We conduct our international business through our subsidiaries in Hong Kong, New York, London and Singapore. In 2012, 2013 and 2014 and for the six months ended June 30, 2015, revenue and other income from our overseas business amounted for 26.0%, 24.1%, 27.9% and 19.4% of our total revenue and other income, respectively. Any significant disruption in our overseas operations could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

We plan to continue to expand our overseas business and explore opportunities in other overseas markets. We intend to continue to enter into markets where we have limited or no operating experience. As a result, we may not be able to attract a sufficient number of new clients due to our limited presence and brand recognition in such overseas markets and may fail to compete effectively in these markets. In addition, such expansion may increasingly subject us to risks inherent in conducting business internationally, including but not limited to:

- we may be unable to obtain sufficient financing to support our overseas expansion;
- local political instability, civil unrest or terrorism in such regions;
- economic uncertainties and recessions in such regions;
- failure to comply with laws and regulations, approval or license requirements, as well as industry or technical standards of the overseas markets into which we expand;
- challenges in administering and providing support to overseas operations;
- differences in cultural, commercial and operating environments and corporate governance; and
- failure to recruit and retain competent personnel.

In particular, despite our efforts to comply with all applicable regulations in jurisdictions where we operate, we may fail to do so. Overseas regulators may bring administrative or judicial proceedings against us or our employees, representatives, agents and third-party service providers. If we are unable to manage the risks resulting from our expansion outside China, our business, reputation, financial condition and results of operations may be adversely affected.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of relevant organizational frameworks, policies, procedures and risk management methods in order to manage our risk exposure, primarily including market risk, credit risk, liquidity risk, operational risk, compliance risk and legal risk. We seek to continue to improve such risk management and internal control systems from time to time. However, our risk management and internal control systems may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated.

RISK FACTORS

Our risk management capabilities are limited by the information, tools or technologies available to us. For example, some of our risk management methods are based upon our use of historical market data and management's judgment. As a result, these methods may not predict future risk exposures, which could be significantly greater than the exposure that the historical measures indicate. If we fail to promptly adapt and improve our risk management and internal control systems in response to the development of our business and products, the expansion of our branch network and the changes to regulatory requirements, our business operations could be materially and adversely affected.

Effective implementation of our risk management and internal controls policies and procedures also depends on our employees. We cannot assure you that our employees will be able to consistently comply with or correctly apply these policies and procedures.

Our operations depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them.

The success of our business depends on, to a large extent, our ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in, the securities and financial markets. Competition for talented professionals in the financial services industry is intense, and the availability of suitable and qualified candidates is limited. Intense competition may require us to offer higher compensation and other benefits in order to attract and retain talented professionals. We devote considerable resources to recruiting and retaining our key management and professional staff. However, we cannot assure you that we will be successful in retaining our current personnel or in hiring or retaining qualified personnel in the future. For example, our former Chief Executive Officer and our former Chief Financial Officer resigned their positions in October 2014 and January 2014 respectively, each due to personal reasons. See "Directors, Supervisors and Senior Management — Management of our Group." Loss of key employees or the inability to hire or retain professional staff in the future could have a material adverse effect on our ability to operate successfully. Any inability on our part to enforce non-compete arrangements related to senior management and key employees who have left us could have a material adverse effect on our business. If any of our former senior management or other key employees joins or establishes a competing business, we may lose some of our clients, which could have a material adverse effect on our business.

We are subject to the risks arising from any failure of, or inadequacies in, our operational systems and infrastructure.

Our operations rely heavily on our ability to process and monitor, on a daily basis, a very large number of transactions. The volume, speed, frequency and complexity of transactions are increasing, which is especially the case for electronic transactions and the requirements to report transactions on a real-time basis to clients, regulators and exchanges. As a result, developing and maintaining our operational systems and infrastructure becomes more challenging. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our business. We must continually update our operating systems to support our operations and growth and to respond to changes in regulations and markets.

RISK FACTORS

The proper functioning of our securities trading, financial control, risk management, accounting, client service and other data processing systems, together with the communication networks between our headquarters, subsidiaries and branches and our communication networks with exchanges, clearing agents and depositaries, are critical to our business. Our operating systems and facilities could fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control. We have established disaster recovery centers in Beijing, Shanghai and Hong Kong to carry on principal functions in the event of a catastrophe or failure of our systems, including those caused by human error. However, we cannot assure that our disaster recovery centers or other contingency plans will fully protect us from all potential business disruptions. A prolonged disruption to or failure of our information processing or communications systems would limit our ability to process transactions. This would impair our ability to execute trades on behalf of clients or for our own account.

If the IT products and services developed by third-party developers, contractors and vendors we use are defective, we may experience system failures, incompatibility of software or platforms, and problems with synchronization, data transfer and data management across our various IT systems and platforms, which may cause disruption, breakdown or slowdown of our systems.

Our operations depend on the secure processing, storage and transmission of confidential and other information in our computer systems and networks and we are vulnerable to unauthorized access, computer viruses, malicious programs and other events that could cause security breaches. Occurrence of any such events could jeopardize the security and integrity of confidential information processed by, stored in, and transmitted through our computer systems and networks, or otherwise disrupt our operations, which could result in reputational damage, litigation and financial losses.

Significant interest rate fluctuations could affect our financial condition and results of operations.

Our exposure to interest rate risk is primarily associated with our interest income, interest expenses and fixed-income securities. We earn interest income primarily from deposits with banks and non-bank financial institutions, margin financing and securities lending, financial assets held under resale agreements and fixed-income securities. We make interest payments primarily on deposits that we hold on behalf of our clients, our borrowings and debt securities as well as financial assets sold under repurchase agreements. Interest income and interest expenses are directly linked to the prevailing market interest rates. If market interest rates decrease, our interest income would generally decrease, and during periods of rising interest rates, our interest expenses and financing costs would generally increase. In addition, during periods of rising interest rates, market prices of and our investment returns on fixed-income securities we hold will generally decrease. Significant interest rate fluctuations could affect our interest income or returns on fixed-income investments, or increase our interest expenses, any of which could adversely affect our business, financial condition, results of operations and prospects.

We engage in derivatives transactions, including interest rate swaps and treasury futures, to hedge the interest rate exposure that arises from our asset and liability positions. However, our ability to hedge the interest rate risks associated with our businesses in China is constrained by the limited availability of derivative products. In addition, we may not be able to successfully use available derivative instruments to reduce our exposure to fluctuations in interest rates.

RISK FACTORS

We may suffer significant losses from our credit exposures.

Our businesses are subject to risks that clients or counterparties may fail to perform their contractual obligations or that the value of collateral held to secure their obligations might be inadequate. Our credit exposure results mainly from our margin financing and securities lending, futures brokerage as well as our role as counterparty in repurchase agreements and derivative contracts. Any material non-payment or non-performance by a client or counterparty could adversely affect our business, financial condition, results of operations and prospects.

With respect to the margin financing and securities lending business, we may enforce liquidation against clients who are unable to settle their obligations as scheduled or fail to replenish the collateral in full within the agreed-upon period. In respect of the futures brokerage business, we require our clients to maintain a certain amount of account balance for their futures trading. We conduct automatic valuations for clients' account balance on each trading day, and, in the event of insufficient account balance, we require clients to replenish their account balance or liquidate the clients' positions. Such mandatory liquidation mechanisms may trigger disputes between clients and us, which may subject us to litigation risks or significant legal expenses. We also serve as counterparty to our clients in repurchase agreements, stock-based lending, total return swaps and derivative contracts to provide them with customized products or services. Since there is no exchange or clearing agent for these products, we will be subject to the credit risk and non-performance of the counterparty.

The debt securities we hold may also be subject to price fluctuations as a result of changes in the financial market's assessment of the issuer's creditworthiness, delinquency and default rates and other factors, which could adversely affect our financial condition and results of operations.

While we have internal policies and procedures to manage our credit exposure, these policies and procedures may not be fully effective and we may also fail to receive all relevant information with respect to the trading risks of our clients and counterparties. If our credit exposure becomes overly concentrated in a limited set of assets or a limited number of third parties, or if we fail to effectively manage our credit exposure through our risk management policies and procedures, we may experience significant financial losses arising from such credit exposures that could materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to capital requirements, including the Net Capital requirement, which may restrict our business activities.

We are subject to capital requirements that may restrict our business activities. According to the CSRC's requirements, securities firms in China must maintain a minimum net capital to net assets ratio of 40%, a minimum net capital to total liabilities ratio of 8% and a minimum net assets to total liabilities ratio of 20%. In addition, we are subject to the capital requirements in other jurisdictions where we operate. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we were in compliance with all of these capital requirements. If we fail to meet regulatory capital requirements in relevant jurisdictions, the local regulatory authorities may impose penalties on us or limit the scope of our business, which could, in turn, have a material adverse effect on our financial condition and results of operations.

RISK FACTORS

Failure to maintain adequate liquidity could adversely affect our business, financial condition and results of operations.

Maintaining adequate liquidity is crucial to our business operations as we continue to expand businesses that involve investing and providing liquidity to our clients, such as principal investment, margin financing and securities lending, total return swaps and derivatives. We meet our liquidity needs primarily with our own capital, bank loans, debt instruments, repurchase agreement transactions and cash generated from our operating activities.

Factors that may adversely affect our liquidity position include, among others, a significant increase in our services and products which provide financing for our clients, large underwriting on a firm commitment basis in our investment banking business, failure to liquidate financial asset investments at reasonable prices, over-concentration of holdings in certain assets or assets classes, early redemption of our products by clients, mismatch of durations of assets and liabilities, and increased regulatory capital requirements or other regulatory changes. We may need to seek further financing or sell assets to meet our liquidity needs. During periods of adverse credit and capital market conditions, potential sources of external financing could be limited or unavailable at all, and our financing costs could increase. In addition, our ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time, which is likely to occur in a liquidity crunch or other market crisis. Under such circumstances, we may have to curtail our business activities and increase our cost of funding, which could adversely affect our business, financial condition and results of operations.

The level of our indebtedness and potential unavailability of credit may materially and adversely affect our business.

We rely on bank and other external borrowings and bond issuances to fund a significant portion of our working capital requirements. Our financial condition, liquidity and business operations will be adversely affected to the extent we are not able to repay our debt in a timely manner because of the lack or unavailability of internal resources or inability to obtain external financing. Even if we are able to meet our debt service obligations, the amount of debt we borrow could adversely affect us in a number of ways, including by:

- limiting our ability to obtain any necessary financing in the future for working capital, strategic investment, debt service requirements, or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business;
- placing us at a competitive disadvantage relative to our competitors who have lower levels of debt;
- increasing our financing cost;

RISK FACTORS

- making us more vulnerable to a downturn in our business or the general economic condition; and
- subjecting us to the risk of being forced to refinance our debts at higher interest rates.

We are subject to extensive regulatory requirements, the noncompliance with which could lead to penalties or restrictions on our business activities.

As a participant in the securities and financial services industries, we are subject to extensive PRC and overseas regulatory requirements, which are designed to ensure the integrity of the financial markets, the soundness of securities firms and other financial institutions and the protection of investors. These regulations often serve to limit our activities by, among other things, imposing capital requirements, limiting the types of products and services that we may offer, restricting the types of securities in which we may invest and limiting the number and location of branches that we may establish. The PRC and overseas regulatory authorities conduct periodic inspections, examinations and inquiries in respect of our compliance with such requirements.

Based on the assessment results of the effectiveness of internal control, risk management capabilities, status of regulatory compliance, the results of operations and market competitiveness, the CSRC assigns a regulatory rating, in five classes (A, B, C, D and E) and 11 levels, to each securities firm. The CSRC assigned us an “AA” regulatory rating, the highest rating given to PRC securities firms so far, for nine consecutive years from 2007 to 2015. However, we cannot assure you that the CSRC will not downgrade our regulatory rating in the future. If the CSRC downgrades our regulatory rating, we may be subject to requirements of a higher ratio for risk capital reserve or a higher reserve ratio for the securities investor protection fund, or we might face difficulties in obtaining certain permits or approvals for new businesses and products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Despite our efforts to comply with applicable regulations, we might have risk exposures, particularly in areas where applicable regulations may be unclear or where regulators subsequently revise their previous guidance or views. On occasion, we may fail to meet certain requirements and guidelines set by the domestic and overseas regulatory authorities. We or our employees have been involved in noncompliance incidents for which regulatory authorities did investigations on us and issued warning letters to us. These incidents of noncompliance included improper publicity activities during the underwriting process of an IPO project, providing margin financing and securities lending services to certain clients who had continual trading record with us less than six months, and failure to comply with relevant requirements for extending terms of margin financing and securities lending contracts. For the noncompliance incidents during the Track Record Period, see “Business — Legal and Regulatory — Regulatory Matters.” We cannot assure you that we will be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines at all times. Material incidents of noncompliance may subject us to sanctions, fines, penalties, disqualification for our existing businesses or rejection for renewal of our qualifications upon expiry, or other administrative penalties, regulatory actions and self-disciplinary actions by PRC regulatory authorities, which may harm our reputation and materially adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may undertake acquisitions, investments, joint ventures or other strategic alliances, which could have a material adverse effect on our ability to manage our business. In addition, such undertakings might not be successful.

Our strategy includes plans to grow both organically and through acquisitions, participation in joint ventures or other strategic alliances. Joint ventures and strategic alliances may expose us to new operational, regulatory and market risks, as well as risks associated with additional capital requirements. We may not be able, however, to identify suitable future acquisition candidates or alliance partners. Even if we identify suitable candidates or partners, we may be unable to complete an acquisition or alliance on terms commercially acceptable to us. Even when acquisitions are completed, we may encounter difficulties in integrating the acquired entities and businesses, such as difficulties in retention of clients and personnel, challenge of integration and effective deployment of operations or technologies and assumption of unforeseen or hidden material liabilities or regulatory noncompliance issues. Any of these events could disrupt our business plans and strategies, which in turn could have a material adverse effect on our financial condition and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions, strategic investments, joint ventures or strategic alliances, and we may be unable to recover our investment in such initiatives.

We may not be able to detect and prevent fraud or other misconduct committed by our employees on a timely basis or at all.

We may be exposed to fraud or other misconduct committed by our employees, including, among others, improperly using or disclosing confidential information and engaging fraudulent or otherwise activities. Alleged or actual employee misconduct could result in investigations or prosecutions of the employees involved in the subject activities or litigation or regulatory sanctions against us, as well as adversely affect our reputation. We have, from time to time, detected certain noncompliance incidents committed by our employees. See “Business — Legal and Regulatory — Regulatory Matters.” Except as disclosed in this prospectus, there were no other material incidents of regulatory noncompliance committed by us or our employees in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date.

Our internal control systems are designed to monitor our operations and compliance, but they may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be fully effective. Our failure to detect and prevent fraud and other misconduct may have a material adverse effect on our reputation, financial condition and results of operations.

We may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending ourselves against such claims or proceedings.

The securities industry faces substantial litigation risks, including but not limited to potential liabilities relating to information disclosure, product designs and sales, breach of fiduciary duty or breach of contracts. These risks may be difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. We may also be subject to inquiries, investigations and proceedings by regulatory and other governmental agencies.

RISK FACTORS

We have in the past been and may in the future be subject to lawsuits and arbitration claims in the ordinary course of our business. We may incur significant legal expenses in defending ourselves in litigation and arbitration proceedings. If court judgments, arbitration awards or regulatory enforcement decisions were against us, we may face substantial legal liability or significant regulatory action which could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us and seriously harm our business prospects.

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

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the PRC and other jurisdiction where we operate. The anti-money laundering laws and regulations in China, Hong Kong, Singapore, U.K. and U.S. require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Although we have adopted policies and procedures aimed at detecting, and preventing being used for, money-laundering activities by criminals or terrorist-related organizations and individuals or improper activities (including but not limited to market manipulation and aiding and abetting tax evasion), such policies and procedures may not completely eliminate instances where our networks may be used by other parties to engage in money laundering and other illegal or improper activities. If we fail to fully comply with applicable laws and regulations, the relevant government agencies may impose fines and other penalties on us, which may adversely affect our business.

Our business is susceptible to the operational failure of third parties.

We face the risk of operational failure, capacity constraints or termination of any of the exchanges, depositories, clearing agents or other financial intermediaries we use to facilitate our securities transactions. Any operational failure or termination of the particular financial intermediaries that we use could adversely affect our ability to execute transactions, serve clients and manage risk exposure. Any disputes or difficulties in cooperating with these financial intermediaries could adversely affect our business operations.

In addition, as our interconnectivity with our clients grows, our business relies on our clients' use of their own systems, and we will increasingly face the risk of operational failure in connection with our clients' systems.

A failure to appropriately identify and address conflicts of interest could adversely affect our business.

Securities firms regularly encounter conflicts of interest. It is critical for us to identify conflicts of interest, arising between (i) our various operating units, (ii) our clients and us, (iii) our various clients, (iv) our employees and us, or (v) our clients and our employees. See "Business — Internal Control Measures — Conflicts of Interest."

RISK FACTORS

We have extensive risk management and internal control systems that are designed to identify and address conflicts of interest. However, accurately identifying and dealing with conflicts of interest are difficult because of the broad scope and complexity of our businesses and our large client base. In addition, as we continually expand our business and develop new products, we may face increasing risks in identifying and managing the conflicts of interest resulted from our new businesses and products. Our failure to manage conflicts of interest could harm our reputation and erode client confidence. In addition, perceived conflicts of interest may give rise to litigation or regulatory actions against us. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be subject to legal or regulatory liability if we are unable to protect the personal and other confidential information of our clients.

We are required to protect the personal data and confidential information of our clients under applicable laws, rules and regulations. The relevant authorities may impose sanctions or issue orders against us if we fail to protect the personal information of our clients, and we may have to pay compensation to our clients if we fail to do so. We routinely transmit and receive personal, confidential and proprietary information through the Internet and other electronic means. Any misuse or mishandling of such personal, confidential or proprietary information could result in legal liabilities, regulatory actions and reputational damage to us.

Incidents of misusing, mishandling personal, confidential or proprietary information could negatively impact client confidence in us, which could materially and adversely affect our reputation and prospects.

Our landlords do not possess the relevant building ownership certificates for some properties leased by us.

Properties leased by us primarily consist of operating premises and offices. As of June 30, 2015, for our leased properties in the PRC, our landlords had not provided proper title certificates or proofs of authority to lease the four properties with a gross floor area of 1,900.56 square meters, accounting for 4.79% of the total gross floor area of our leased properties. For further details, see “Business — Properties — Leased Properties in the PRC.” If any of our leases is terminated as a result of challenges by third parties or if we fail to renew them upon expiration, we may be forced to relocate affected operations or subsidiaries and may incur additional costs associated therewith, which could adversely affect our business, financial condition and results of operations.

The use of “CICC” or “Zhong Jin” brand name by other entities may expose us to reputational risks.

Our brand and reputation are critical to our competitiveness and success. We have registered trademarks in multiple jurisdictions including but not limited to China and Hong Kong to protect our brand name. Some other entities in China use “Zhong Jin,” which has same Chinese characters as our brand name in Chinese, in their brand names. If there is unauthorized use of our “CICC” brand name by any entity, the reputation of our franchise, business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

Registration of our certain logos as trademarks in Hong Kong is still pending approval.

Registration of certain logos of our Group (including certain logos of our Company to be included on the cover of this prospectus) as trademarks in Hong Kong is still pending approval by the Trade Marks Registry of the Intellectual Property Department of the Government of Hong Kong. There is no assurance that the trademarks under registration will be registered in Hong Kong. In addition, there can be no assurance that the use of such logos by our Company will not infringe the intellectual property rights of any third party or otherwise violate any laws of Hong Kong. Any liability claim in relation to the use of such logos by our Group, made or threatened to be made against us in the future, regardless of its merits, could result in proceedings which would take time and resources to defend.

Risks Relating to China

China's economic, political and social conditions and government policies could affect our business, financial condition, results of operations and prospects.

We conduct our business operations primarily in China. Accordingly, our business, financial condition, results of operations and prospects are significantly dependent on the economic, political and social conditions in China.

Although China's economy has been transitioning from a planned economy to a more market-oriented economy for almost four decades, a substantial portion of productive assets in China are still owned by the PRC Government. The PRC Government also exercises significant influence over the economy through allocating resources, controlling capital investment and foreign exchange, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC Government has implemented reform measures emphasizing the utilization of market forces in economic development. These economic reform measures may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

China has been one of the world's fastest growing economies as measured by GDP growth in the past 30 years and has become the world's second largest economy by gross GDP since 2010. However, there is no assurance that China's economy can sustain historical growth rates. Since the second half of 2008, the global economic slowdown, the weak U.S. economy and the sovereign debt crisis in Europe have collectively increased downward pressure on the PRC's economic growth. China's real GDP growth rate has decreased from 10.6% in 2010 to 7.4% in 2014 and China's economy is still facing considerable downward pressure. If the economic growth of China continued to slow down, our business, financial condition, results of operations and prospects will be materially and adversely affected.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

PRC laws and regulations govern our operations in China. We and many of our operating subsidiaries are organized under PRC laws. China's legal system is based on written statutes. While prior court decisions may be cited for reference, they have limited precedential value. Since 1979, China has promulgated laws and regulations dealing with economic matters, such as corporate

RISK FACTORS

organization and governance, issuance and trading of securities, shareholder rights, foreign investment, commerce, taxation and trade. However, many of these laws and regulations, in particular with respect to the financial industry, are relatively new and evolving and may be inconsistently implemented, interpreted or enforced. In addition, because of the relatively limited volume of published court decisions and their non-binding nature, there are significant uncertainties relating to the interpretation and enforcement of the PRC laws and regulations. As a result, the legal remedies and protections available to you under the PRC legal system may be limited.

You may experience difficulties in effecting service of legal process and enforcing judgments against us or our management.

Most of our assets and many of our subsidiaries are located in China. In addition, many of our Directors, Supervisors and senior management reside in China. China does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, it may be difficult or impossible for investors to serve process upon us or our Directors, Supervisors and senior management in China, or to enforce against us or such people in China, any judgments obtained from non-PRC courts.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement by the Courts of the Mainland and of the Hong Kong Special Administrative Region of Judgments in Civil and Commercial Matters under Consensual Jurisdiction, or the Arrangement. Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designed as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement remains uncertain.

Investments in PRC securities firms are subject to ownership restrictions that may adversely affect the value of your investment.

Investments in PRC securities firms are subject to ownership restrictions. Prior approval from the CSRC is required for any person or entity to hold or actually control 5% or more of the registered capital or total issued share capital of a PRC securities firm. If a shareholder of a PRC securities firm holds or actually controls 5% or more of shareholding of the firm without obtaining prior approval from the CSRC, such shareholder could be ordered to rectify by the CSRC in a timely manner, and the voting right of such shares is invalid before the rectification. Current ownership restrictions imposed by the PRC Government may materially and adversely affect the value of your investment.

RISK FACTORS

Dividends payable by us to our foreign investors and gains on the sale of our Shares by our foreign investors may be subject to taxes under the PRC tax laws.

Non-PRC resident individuals and Non-PRC Resident Enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations. Non-PRC domestic resident individuals are required to pay PRC individual income tax under China's Individual Income Tax Law (《中華人民共和國個人所得稅法》) at a rate of 20% unless specifically exempted by the taxation authority of the State Council or reduced by an applicable tax treaty. In addition, there remains uncertainty as to whether gains realized by non-PRC domestic resident individuals on disposition of H Shares are subject to PRC individual income tax. For additional information, see "Appendix III — Taxation and Foreign Exchange — Taxation in the PRC" to this prospectus.

Non-PRC Resident Enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company pursuant to the EIT Law and other applicable PRC tax rules and regulations. The 10% tax rate may be reduced or eliminated under applicable special arrangements or treaties between China and the jurisdiction where the non-resident enterprise resides. See "Appendix III — Taxation and Foreign Exchange — Taxation in the PRC" for details.

There are uncertainties as to the interpretation and implementation of the EIT Law and other applicable PRC tax rules and regulations by the PRC tax authorities, including whether and how EIT on gains derived upon sale or other disposition of H Shares will be collected from Non-PRC Resident Enterprise holders of H Shares. If there is any unfavorable change to applicable tax laws and interpretation or application with respect to such laws, the value of your investment in our H Shares may be materially affected.

U.S. FATCA withholding tax may be imposed on payments on the Shares.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and applicable U.S. Treasury Regulations commonly referred to as "FATCA" generally impose 30% withholding tax on certain "withholdable payments" and, starting from 2017, may impose such withholding on "foreign passthru payments" made by a "foreign financial institution" (an "FFI"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2017. The United States has entered into intergovernmental agreements ("IGAs"), or agreed to IGAs in substance with many countries, which may modify the FATCA withholding regime described above. The United States has agreed to an IGA in substance with the PRC. Under the FATCA rules and IGAs, the Company and any of its subsidiaries that are FFIs will be subject to certain diligence and reporting obligations under FATCA or an applicable IGA. It is not

RISK FACTORS

yet clear how IGAs will address foreign passthru payments or whether any withholding will be required on such payments by companies subject to an IGA. Prospective investors in the Shares should consult their tax advisors regarding the potential impact of FATCA, IGAs and any non-U.S. legislation implementing FATCA, on their investment in the Shares.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law and our Articles of Association, we may only pay dividends out of our distributable profits. Distributable profits are our after-tax profits as determined by PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. Furthermore, pursuant to the rules promulgated by the CSRC, we are not allowed to distribute gains from the fair value changes of financial assets that are included in distributable profits as cash dividends. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been unprofitable. Any distributable profits not distributed in a given year is retained and available for distribution in subsequent years.

In addition, our operating subsidiaries in China may not have distributable profits as determined under PRC GAAP. As a result, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay us dividends could negatively impact our cash flow and our ability to make dividend distributions to our Shareholders.

Government control of foreign currency conversion may adversely affect our foreign exchange transactions, including dividend payment on our H Shares and deployment of proceeds from this Global Offering.

A majority of our revenue and assets are denominated in Renminbi, which is currently not a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, if any, on our H Shares.

Under China's existing foreign exchange regulations, following the completion of this Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with various procedural requirements. However, if the PRC Government were to impose restrictions on access to foreign currencies for current account transactions at its discretion, we might not be able to pay dividends to the holders of our H Shares in foreign currencies. On the other hand, most of foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect our ability to obtain foreign currencies through equity financing or to obtain foreign currencies for capital expenditures.

RISK FACTORS

Future fluctuations in the value of Renminbi could have a material adverse effect on our financial condition and results of operations.

We generate a majority of our revenues in Renminbi, and a portion of our revenues, expenses, bank borrowings and debt securities are denominated in the HK dollar, the U.S. dollar and other foreign currencies. As a result, fluctuations in exchange rates, which is subject to changes resulting from the PRC Government's policies, domestic and international economic and political developments as well as supply and demand in the monetary market, particularly between Renminbi, the HK dollar or the U.S. dollar, may result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities and could affect our ability to pay dividends in foreign currencies and our profitability. In addition, our exposure to risks associated with foreign currency fluctuations may further increase as the net proceeds from the Global Offering are expected to be denominated in currencies other than Renminbi and we plan to hold a portion of the net proceeds in foreign currencies outside China for our overseas business.

The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On August 11, 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78% from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. We cannot predict how the Renminbi will fluctuate in the future. In addition, although we have entered into hedging transactions to mitigate our exposure to foreign exchange risk between Renminbi and other currencies, hedging instruments or strategies might not be fully effective in mitigating risk under all market conditions. As a result, the fluctuation of exchange rates between Renminbi and the U.S. dollar or other currencies could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, since dividends in respect of our H Shares will be declared in Renminbi and paid in Hong Kong dollars, holders of our H Shares in countries other than China are subject to risks arising from adverse movements in the value of the Renminbi against the Hong Kong dollar, which may reduce any dividends paid in respect of the H Shares.

Any future occurrence of force majeure events, natural disasters, terrorist attacks or outbreaks of contagious diseases may have a material adverse effect on our business operations, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in an area where we operate. These areas may be under the threat of typhoon, tornado, snow storm, earthquake, flood, drought, power shortages or failures, or are susceptible to epidemics, such as Severe Acute Respiratory Syndrome ("SARS"), various types of influenza, Ebola virus, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in tremendous casualties and destruction of assets and disrupt our business and operations. Severe contagious disease outbreaks could result in a widespread health crisis that could materially

RISK FACTORS

and adversely affect business activities and operations in the affected regions. Acts of war or terrorist activities, riots or disturbances may also cause casualties to our employees, and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment of the areas where we operate and therefore our business and results of operations.

Risks Relating to the Global Offering

There has been no prior public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations between us (for ourselves and on behalf of the Selling Shareholders) and the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our H Shares may be volatile. The following factors could affect the trading volume and market price of our H Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, industries and events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of additional H Shares by us or our Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material adverse effect on the market price and trading volume of our H Shares.

RISK FACTORS

Since there will be a gap of several days between pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our Offer Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be on the sixth Hong Kong Business Day after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time that trading begins.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market including any future conversion of our Domestic Shares into H Shares, could adversely affect the market price of our H Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new H Shares or other securities relating to our Shares or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by the H Shares.

A certain number of our Shares held by existing shareholders are or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See “Share Capital — Transfer of Shares Issued Prior to the Global Offering”, “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules” and “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement” in this prospectus. After the lapse of the above mentioned restrictions, future sales or perceived sales of substantial amounts of our Shares, or the possibility of such sales by us, could negatively impact the market price of our H Shares and our ability to raise equity capital in the future.

Upon the completion of the Global Offering and the conversion of Unlisted Foreign Shares held by our existing foreign shareholders as further described in “Share Capital — Conversion of Unlisted Foreign Shares Held by the Overseas Investors”, we will have two classes of ordinary shares, namely H Shares and Domestic Shares. All our Domestic Shares are not listed or traded on any stock exchange. Assuming the Over-allotment Option is not exercised, there will be 1,428,468,169 H Shares representing approximately 64.25% of our Company’s enlarged share capital, and 794,828,831

RISK FACTORS

Domestic Shares representing 35.75% of our enlarged share capital. The holders of Domestic Shares may convert their Domestic Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have been approved by the securities regulatory authorities of the State Council, including the CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. Future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.

As the Offer Price of our H Shares is higher than our net tangible book value per Share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases. Purchasers of H Shares may also experience further dilution in shareholdings if we issue additional Shares in the future.

As the Offer Price of our H Shares is higher than the net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK\$1.76 per H Share (assuming an Offer Price of HK\$9.70 per H Share, that being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

Our dividend policy and distributions in the future are subject to various factors.

Our Company did not declare or pay any dividend during the years of 2012, 2013 and 2014. Our Board of Directors has discretion in determining the frequency and amount of dividend distributions, which will be subject to the approval of our Shareholders at a general meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, capital adequacy ratios, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, statutory and regulatory restrictions on the payment of dividends and other factors that our Board of Directors deems relevant. See “Financial Information — Dividend Policy.” There is no assurance that we will adopt the same dividend policy as we have adopted in the past.

RISK FACTORS

Some facts, forecasts and statistics contained in this prospectus with respect to the PRC, Hong Kong and their economies and securities industries are derived from various official or third-party sources and may not be accurate, reliable, complete or up-to-date.

We have derived certain facts, forecasts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the industry in which we operate, from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Selling Shareholders, the underwriters or any of our or their respective affiliates or advisors, and, therefore, we and the Selling Shareholders cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in “Risk Factors,” “Industry Overview” and “Business.” Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles, forecasts, reports or other media regarding us or the Global Offering.

There had been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which contained and may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized and will not authorize the disclosure of any such information in the press or media and do not and will not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. In addition, we have prospectuses for our issuances of short-term commercial papers, and as a member of NAFMII, we are also required to submit semi-annual reports with NAFMII. Our prospectuses for short-term commercial papers or reports with NAFMII do not and will not form a part of this prospectus and should not be relied on by prospective investors of our H Shares. To the extent any articles, forecasts, reports or other media are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENT OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this prospectus misleading.

PRC REGULATORY APPROVALS

We have obtained the approval from the CSRC on July 29, 2015 for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange. In granting such consent, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered for subscription or sale solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Selling Shareholders, the Joint Sponsors, the Underwriters' Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisors, agents or representatives or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it remains correct as of any subsequent time.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 61,140,800 Hong Kong Offer Shares and the International Offering of initially 550,265,600 International Offer Shares (subject to, in each case, reallocation on the basis as described in “Structure of the Global Offering” in this prospectus and, in case of the International Offering, any exercise of the Over-allotment Option).

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters listed in “Underwriting”, subject to agreement on the Offer Price between us (on behalf of ourselves and the Selling Shareholders) and the Underwriters. The International Offering is expected to be fully underwritten by the International Underwriters.

If, for any reason, the Offer Price is not agreed between us (on behalf of ourselves and the Selling Shareholders) and the Underwriters on or before Friday, November 6, 2015, or such later date or time as may be agreed between the Company and the Underwriters, the Global Offering will not proceed. Further details of the Underwriters and the underwriting arrangements are set out in “Underwriting.”

RESTRICTIONS ON OFFERING AND SALE OF THE OFFER SHARES

Each person subscribing for the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or by his/her subscription of Hong Kong Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offering and sale of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, no public offering or sale of H Shares is being made, directly or indirectly, in China or the U.S.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING OF THE SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in:

- (i) our H Shares to be issued or sold pursuant to the Global Offering (including the additional H Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option); and
- (ii) the H Shares which will be converted from Unlisted Foreign Shares held by our existing foreign Shareholders, namely, GIC, TPG, KKR Institutions Investments, Mingly and Great Eastern.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Monday, November 9, 2015 and no part of our Share is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them, you should consult an expert. It is emphasized that none of us, the Selling Shareholders, the Joint Sponsors, the Underwriters' Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, advisors, agents or representatives nor any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them.

STABILIZATION AND OVER-ALLOTMENT

For details of stabilization and the Over-allotment Option, see "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus and the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to the Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- (iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- (iv) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made by us for the H Shares to be admitted into CCASS.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US\$ have been converted, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK\$1.0000: RMB0.81970 (set by the PBOC for foreign exchange transactions prevailing on October 19, 2015)

HK\$7.7500: US\$1.0000 (the exchange rate in effect on October 16, 2015 set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States on October 19, 2015)

No representation is made that any amounts in RMB, US\$ or HK\$ can or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

INFORMATION AND STATISTICS RELATING TO OUR INDUSTRY RANKING

This prospectus contains certain industry ranking information and statistics about our various business lines. Unless otherwise specified, such industry ranking information and statistics are based on data from Wind Info and Dealogic. For information about Wind Info and Dealogic, see “Industry Overview.” In addition, for industry ranking purpose, debt and structured financing transactions include financial bonds, subordinated bonds, enterprise bonds, corporate bonds, medium-term notes, structured products, convertible bonds and exchangeable bonds, and PRC-related M&A transactions refer to M&A transactions having at least one PRC-based party being acquirer or target.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules.

Waiver in Respect of Management Presence in Hong Kong

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since most of the business operations of our Company and our subsidiaries are managed and conducted outside of Hong Kong, and a majority of our Directors ordinarily reside outside Hong Kong, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) We have appointed Mr. Bi Mingjian, our executive Director and Chief Executive Officer and Mr. Zhou Jiaying, our joint company secretary, as authorized representatives for the purpose of Rules 3.05 and 19A.07 of the Listing Rules to serve as our principal channel of communication with the Hong Kong Stock Exchange. We have provided the Hong Kong Stock Exchange with their contact details, and they can be readily contactable to deal promptly with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. As and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of our Directors promptly at all times. We will also inform the Hong Kong Stock Exchange promptly in respect of any change in the authorized representatives.
- (b) One of our independent non-executive Directors, Mr. Siu Wai Keung, will be ordinarily resident in Hong Kong and will serve as an additional channel of communication between our Company and the Hong Kong Stock Exchange. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number, e-mail address and fax number) of each Director to facilitate communication with the Hong Kong Stock Exchange. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period as and when required.
- (c) We have appointed joint compliance advisors pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional and alternative channel of communication with the Hong Kong Stock Exchange, and their representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange. Pursuant to Rule 19A.06(4) of the Listing Rules, the joint compliance advisors will provide the Hong Kong Stock Exchange with the names and contact details, including home and office telephone numbers and facsimile numbers, of their respective representatives. Pursuant to Rule 19A.05(2) of the Listing Rules, we will ensure that the joint compliance advisors will have reasonable access to the authorized representatives, our Directors and the other officers of our Company. We will also procure that such persons provide to the joint compliance advisors such information

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

and assistance as the joint compliance advisors may need or may reasonably request in connection with the performance of their duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We will ensure that there are adequate and efficient means of communication between us, our authorized representatives, Directors and other officers and the joint compliance advisors, and will keep the joint compliance advisors fully informed of all communications and dealings between us and the Hong Kong Stock Exchange.

- (d) In addition to the joint compliance advisors, we will retain a Hong Kong legal advisor to advise us on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

Waiver in Respect of Appointment of Joint Company Secretaries

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules sets out the academic and professional qualifications considered to be acceptable by the Hong Kong Stock Exchange:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules sets out the factors that the Hong Kong Stock Exchange considers when assessing an individual's "relevant experience":

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have appointed Mr. Wu Bo (“Mr. Wu”) as one of our joint company secretaries. Mr. Wu is currently the secretary to the Board. Further biographical details of Mr. Wu are set out in “Directors, Supervisors and Senior Management.” We have appointed him as one of our joint company secretaries due to his past management experience within our Group and his thorough understanding of the internal administration, business operations and corporate culture of our Group.

As Mr. Wu does not possess the qualifications set out in Rule 3.28 of the Listing Rules, we have also appointed Mr. Zhou Jiaying (“Mr. Zhou”), who complies with the requirements stipulated under Rule 3.28 of the Listing Rules, as one of our joint company secretaries to assist Mr. Wu in discharging the duties of a company secretary for an initial period of three years from the Listing Date to enable Mr. Wu to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules. Mr. Zhou is an executive director and a senior legal counsel of the legal department of our Company. He possesses the professional qualification as a solicitor in Hong Kong, which satisfies the requirements under Note 1(b) to Rule 3.28 of the Listing Rules. The term of the appointment of Mr. Wu and Mr. Zhou as the joint company secretaries is three years commencing from the Listing Date.

The following arrangements have been, or will be, put in place to assist Mr. Wu in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

- (a) Mr. Zhou will assist Mr. Wu in enabling him to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. He will also assist Mr. Wu in organizing board meetings and shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Zhou is expected to work closely with Mr. Wu, and will maintain regular contact with Mr. Wu and the Directors and senior management of our Company;
- (b) Mr. Wu will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organized by our Company’s Hong Kong legal advisors and seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time, in addition to satisfying the minimum requirement under Rule 3.29 of the Listing Rules. Furthermore, both Mr. Wu and Mr. Zhou will seek and have access to advice from the Company’s Hong Kong legal and other professional advisors as and when required;
- (c) we have appointed joint compliance advisors pursuant to Rule 3A.19 of the Listing Rules, which will provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations; and
- (d) upon expiry of the three-year period, the qualifications and experience of Mr. Wu will be re-evaluated. Mr. Wu is expected to demonstrate to the Hong Kong Stock Exchange’s satisfaction that he, having had the benefit of Mr. Zhou’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the Listing Rules. Upon the expiry of the initial three-year period, the qualifications of Mr. Wu will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied.

Waiver in Respect of Continuing Connected Transactions

Members of our Group have entered into, and are expected to continue after the listing of our H Shares, certain connected transactions with GIC, which will constitute continuing connected transactions under the Listing Rules upon the Listing. We have applied for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the transactions under the Securities and Financial Services Framework Agreement from compliance with the announcement requirement under Chapter 14A of the Listing Rules. See “Connected Transactions” for further details.

Waiver in Respect of Clawback Mechanism

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. Our Company has applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules. See “Structure of the Global Offering” for further details.

Waiver and Consent in Respect of Employee Preferential Offering

Our Company has applied for, and the Hong Kong Stock Exchange has granted us, (i) a waiver from strict compliance with the requirements of Rule 10.03 of and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the subscription of the Employee Reserved Shares by the Eligible Directors and Close Associates under the Employee Preferential Offering, and (ii) a consent under paragraph 5(1) of Appendix 6 to the Listing Rules in relation to the subscription of the International Reserved Shares under the International Employee Preferential Offering by the Eligible Connected Clients on the basis that, amongst other things, (i) the Employee Reserved Shares are being offered to the Eligible Directors and Close Associates or Eligible Connected Clients on a preferential basis in their capacity as Eligible Employees (rather than in their capacity as directors of our Group or their close associates, or connected clients of CICC HK Securities) and (ii) that no preferential treatment will be given to the Eligible Directors and Close Associates or Eligible Connected Clients in the allocation of the Employee Reserved Shares. See “Structure of the Global Offering” for further details.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Mr. Ding Xuedong (丁學東)	No. 706, Building 23 No. 105 West 3rd Ring Road North Haidian District Beijing PRC	Chinese
Mr. Bi Mingjian (畢明建)	No. 303, Door 5, Building 4 PuAn Xili Fengtai District Beijing PRC	Chinese
Ms. Zhao Haiying (趙海英)	No. 1 Chengfang Street Xicheng District Beijing PRC	Chinese
Mr. David Bonderman (大衛•龐德文)	500 Throckmorton Street Suite 3604 Fort Worth, Texas 76102 United States of America	American
Mr. Liu Haifeng David (劉海峰)	Unit 01, 5/F Tavistock 10 Tregunter Path Mid-Levels Hong Kong	Chinese Hong Kong
Mr. Shi Jun (石軍)	Room 3-3-1502 No. 27 Zengguang Road Haidian District Beijing PRC	Chinese
Mr. Cha Mou Daid Johnson (查懋德)	House 7 Bijou Hamlet Discovery Bay Lantau Islands Hong Kong	British

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Mr. Edwin Roca Lim (林重庚)	The Coach House 7 Willow Road London NW3 1TH United Kingdom	British
Mr. Cao Tong (曹彤)	Room 1602, Door 4, Building 14 Wanmingyuan Unit Xicheng District Beijing PRC	Chinese
Mr. Siu Wai Keung (蕭偉強)	11E, One Wanchai 1 Wanchai Road Wanchai Hong Kong	Chinese Hong Kong
Mr. Ben Shenglin (賁聖林)	Room 1903, No. 16, 1097 Nong Pudong Dadao Pudong Xinqu Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Han Weiqiang (韓巍強)	Room 3-2002 No. 3A Yong An Dong Li Chaoyang District Beijing PRC	Chinese
Mr. Liu Haoling (劉浩凌)	Unit 1605, Building 18 Mingguang Beili Haidian District Beijing PRC	Chinese
Mr. Jin Lizuo (金立佐)	156 Aiken Road Putney, Vermont 05346 United States of America	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

China International Capital Corporation
Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

ABCI Capital Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China International Capital Corporation Hong Kong
Securities Limited
29th Floor, One International Finance Center
1 Harbour View Street
Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited
Units 1803-4, 18/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

ICBC International Capital Limited
(as a Joint Global Coordinator and a Joint Bookrunner)
37/F, ICBC Tower
3 Garden Road
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

ICBC International Securities Limited

(as a Joint Lead Manager)

37/F, ICBC Tower

3 Garden Road

Hong Kong

ABCI Capital Limited

(as a Joint Global Coordinator and a Joint Bookrunner)

10/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

ABCI Securities Company Limited

(as a Joint Lead Manager)

10/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

BOCOM International Securities Limited

9/F, Man Yee Building

68 Des Voeux Road Central

Hong Kong

The Hongkong and Shanghai Banking

Corporation Limited

1 Queen's Road Central

Hong Kong

China Galaxy International Securities (Hong Kong)

Co., Limited

Units 3501-7 & 3513-14

35F, Cosco Tower

183 Queen's Road Central

Hong Kong

DBS Asia Capital Limited

17th Floor, The Center

99 Queen's Road Central

Central

Hong Kong

Southwest Securities (HK) Brokerage Limited

Suite 1601, 1606-1608

16/F Central Plaza

18 Harbour Road

Wanchai

Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Financial Advisor	Lazard Asia (Hong Kong) Limited Suites 806-807 8/F, ICBC Tower 3 Garden Road Hong Kong
Legal advisors to our Company	<i>As to Hong Kong and United States law</i> Davis Polk & Wardwell 18th Floor, The Hong Kong Club Building 3A Chater Road, Hong Kong <i>As to PRC law</i> Haiwen & Partners 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing, PRC
Legal advisors to the Joint Sponsors and the Underwriters	<i>As to Hong Kong and United States law</i> Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square Central, Hong Kong <i>As to PRC law</i> King & Wood Mallesons 20th Floor, East Tower, World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District Beijing, PRC
Reporting accountants and independent auditor	KPMG 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong
Receiving banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong, Hong Kong Wing Lung Bank Limited Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central, Hong Kong

CORPORATE INFORMATION

Registered office	27th and 28th Floor China World Office 2 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC
Headquarters in the PRC	27th and 28th Floor China World Office 2 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC
Principal place of business in Hong Kong	29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
Company's website	www.cicc.com (This website and the information contained on this website do not form part of this prospectus)
Joint Company Secretaries	Mr. Wu Bo 27th and 28th Floor China World Office 2 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC Mr. Zhou Jiaying 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
Authorized Representatives	Mr. Bi Mingjian Mr. Zhou Jiaying
Strategy Committee	Mr. Ding Xuedong (<i>Chairman</i>) Ms. Zhao Haiying Mr. David Bonderman Mr. Liu Haifeng David Mr. Cha Mou Daid Johnson Mr. Bi Mingjian Mr. Edwin Roca Lim
Remuneration Committee	Mr. Edwin Roca Lim (<i>Chairman</i>) Mr. Cha Mou Daid Johnson Mr. Cao Tong Mr. Siu Wai Keung

CORPORATE INFORMATION

Nomination and Corporate Governance Committee	Mr. Cao Tong (<i>Chairman</i>) Mr. Ding Xuedong Ms. Zhao Haiying Mr. Edwin Roca Lim Mr. Ben Shenglin
Audit Committee	Mr. Siu Wai Keung (<i>Chairman</i>) Mr. Shi Jun Mr. Cao Tong Mr. Ben Shenglin
Risk Management Committee	Mr. Ben Shenglin (<i>Chairman</i>) Mr. Shi Jun Mr. Bi Mingjian Mr. Siu Wai Keung
Joint Compliance Advisors	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong ABCI Capital Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal bankers	Industrial and Commercial Bank of China Limited, Beijing China World Office Branch 1/F, China World Office 1 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC China Construction Bank Corporation Beijing Guomao Branch 1/F, Ruichuang Building 4 Hujialou Xinyuan Chaoyang District Beijing, PRC

CORPORATE INFORMATION

Bank of Communications Co., Ltd., Beijing
Guanghua Road Branch
1/F, Block C, Heqiao Building
8A Guanghua Road
Chaoyang District
Beijing, PRC

China Merchants Bank Co., Ltd., Beijing Guanghua Road
Branch
2/F, Beijing Kerry Centre
1 Guanghua Road
Chaoyang District
Beijing, PRC

Standard Chartered Bank (Hong Kong) Limited
3/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Central, Hong Kong

INDUSTRY OVERVIEW

This section contains information and statistics on our industry. We have extracted and derived such information and statistics, in part, from various official or publicly available sources. In addition to statistics, market share information and industry data from publicly available government sources, certain information and data contained in this section are derived from Wind Info and Dealogic (Holdings) Plc (“Dealogic”). Wind Info is a leading integrated service provider of financial data, information and software in the PRC. Wind Info serves financial enterprises, including securities firms, fund management companies, insurance companies, banks and investment companies. The financial database of Wind Info contains comprehensive information on stocks, bonds, futures, foreign exchange, insurance, derivatives and the macro-economy. Historical data and market estimates provided by Wind Info are collected by Wind Info independently from various public information sources, including, among others, the SAC, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Dealogic is a leading international financial data and information provider. The database of Dealogic encompasses information on equity and debt capital markets, syndicated lending, M&A and institutional investors. Data and information provided by Dealogic are collected by Dealogic independently from various public sources, including, among others, stock exchange announcements, offering circulars and prospectuses. We did not commission Wind Info or Dealogic to provide the information and data presented, which can be accessed by all their subscribers.

We believe that the sources of the information in this section are appropriate sources and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Neither we nor any of other parties involved in the Global Offering has independently verified, or make any representation as to, the accuracy of the information derived from official government or other third-party sources. The information may not be consistent with, and may not have been compiled with the same degree of accuracy or completeness as, other information compiled within or outside the PRC, and accordingly, should not be unduly relied upon.

As an investment bank operating in the PRC and overseas, our business depends on, among other things, China’s and the global macro-economy and the development and performance of domestic and foreign capital markets.

RECENT DEVELOPMENT IN GLOBAL MARKETS AND INDUSTRY

The global economy has experienced relatively robust growth over the past year, after years of gradual recovery following the 2008-2009 global financial crisis. In 2015, U.S. stock indices reached post-crisis highs, and European indices have returned roughly to pre-crisis levels. In developed economies generally, although lingering growth challenges remain, the post-crisis era of stagnant growth is lifting.

However, the 2008-2009 global financial crisis has had a significant impact on global capital markets and the financial services industry. To create a more secure financial services industry, stricter regulatory requirements were enacted, which placed restrictions and requirements on capital adequacy,

INDUSTRY OVERVIEW

liquidity, and leverage ratios for international financial institutions including investment banks. These regulatory developments, in conjunction with other industry trends, have altered investment banks' business models.

To boost returns, many global banks have cut costs, shrunk legacy and non-core assets, and re-allocated capital to business segments with stronger competitive positions and performance prospects. Investment banks are moving towards more client-centric business models and away from product-centric, balance-sheet oriented trading and lending models. Execution skills, range and quality of products and services, reputation and talent retention are becoming important drivers of competition in the industry.

Although China's capital markets and financial services industry are currently at a different development stage and showing inhomogeneous characteristics from those of the global developed economies, we believe that the phenomenon in the global markets and industry provides a reference to the future development trends in China.

OVERVIEW OF THE PRC ECONOMY

China has been one of the world's fastest growing economies in the past 30 years as measured by GDP growth and the world's second largest economy by GDP since 2010. From 2009 to 2014, the PRC economy maintained steady growth with a real GDP growth rate above 7% per year. As the PRC economy has entered into a stage of "new normal," it is expected that the economy will maintain a moderate rate of growth, while the economic structure will continue to be optimized and upgraded.

The PRC Government has introduced a series of policies to open up and develop the China market, including the internationalization of the Renminbi, the relaxation of control over capital accounts and the introduction of the Silk Road Economic Belt initiative and the 21st Century Maritime Silk Road initiative. These initiatives are expected to create new growth opportunities for the PRC capital markets.

OVERVIEW OF THE PRC AND HONG KONG CAPITAL MARKETS

PRC Capital Markets

The PRC capital markets have grown rapidly and matured substantially in the past two decades. In recent years, the PRC Government has provided strategic guidance on the future planned development of PRC capital markets, including the simplification of the approval procedures, the establishment of a multi-tiered capital markets system with a sound structure and comprehensive functionalities by 2020, and the further opening-up and reforms in both scale and maturity of PRC capital markets.

Equity Market

The PRC equity markets have developed into a multi-tiered structure consisting of the main board launched in 1990, the SME Board launched in 2004, the ChiNext Board launched in 2009, the NEEQ launched in 2013 and regional equity exchanges.

INDUSTRY OVERVIEW

The PRC equity markets have grown significantly in several aspects since the establishment of the Shanghai Stock Exchange and the Shenzhen Stock Exchange in 1990. The total number of companies listed on these two exchanges increased from 1,700 as of December 31, 2009 to 2,797 as of June 30, 2015. The total market capitalization of listed companies on these two exchanges increased from RMB24.4 trillion as of December 31, 2009 to RMB58.5 trillion as of June 30, 2015. The PRC stock market in aggregate ranked No. 2 in the world in terms of total market capitalization of listed companies as of June 30, 2015.

The following table includes key information on the main board, the SME Board and the ChiNext Board as of the end of the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015	CAGR 2009-2014
Number of listed companies								
Main boards.....	1,337	1,379	1,415	1,438	1,433	1,475	1,550	2.0%
Shenzhen Stock Exchange.....	467	485	484	484	480	480	480	0.6%
Shanghai Stock Exchange.....	870	894	931	954	953	995	1,070	2.7%
SME Board.....	327	531	646	701	701	732	767	17.5%
ChiNext Board.....	36	153	281	355	355	406	480	62.3%
Total.....	1,700	2,063	2,342	2,494	2,489	2,613	2,797	9.0%
Total market capitalization of listed companies (in billions of RMB, except percentages)								
Main boards.....	22,545.6	22,269.3	17,989.5	19,282.2	18,682.1	29,963.8	43,322.5	5.9%
Shenzhen Stock Exchange.....	4,080.1	4,368.5	3,151.9	3,412.4	3,565.6	5,566.4	8,653.4	6.4%
Shanghai Stock Exchange.....	18,465.5	17,900.7	14,837.6	15,869.8	15,116.5	24,397.4	34,669.1	5.7%
SME Board.....	1,687.3	3,536.5	2,742.9	2,880.4	3,716.4	5,105.8	10,010.2	24.8%
ChiNext Board.....	161.0	736.5	743.4	873.1	1,509.2	2,185.1	5,124.6	68.5%
Total.....	24,393.9	26,542.3	21,475.8	23,035.8	23,907.7	37,254.7	58,457.4	8.8%
Number of investor trading accounts (in thousands)								
Shenzhen Stock Exchange	68,419	75,554	81,265	83,754	85,937	90,308	110,222	5.7%
Shanghai Stock Exchange	69,399	76,487	81,683	84,361	86,696	91,148	115,565	5.6%
Total.....	137,818	152,041	162,947	168,114	172,634	181,456	225,788	5.7%

Source: The Shanghai Stock Exchange and the Shenzhen Stock Exchange

INDUSTRY OVERVIEW

In 2013, the NEEQ expanded its coverage nationwide to provide share transfer and issuance services to nonlisted joint stock companies, offering more opportunities for small- and micro-sized enterprises to participate in the capital markets. The number of companies quoted on the NEEQ has increased from 356 as of December 31, 2013 to 2,637 as of June 30, 2015. According to the SAC, as of the end of 2014, there were 31 regional equity exchanges with approximately 2,400 companies listed. The OTC market is expected to further develop in terms of market size, scope of services and resources integration.

Bond Market

The PRC bond market has developed significantly since 2005. This has increased the scale of direct financing in China. The total outstanding amount of bond issuance by PRC enterprises increased from RMB2.5 trillion as of December 31, 2009 to RMB10.9 trillion as of June 30, 2015. The PRC bond market has diversified product offerings, primarily including financial bonds, subordinated bonds, corporate bonds, enterprise bonds, medium-term notes, asset-backed bonds, convertible bonds and exchangeable bonds. The following table sets forth the outstanding amount of certain major types of bond issuance by PRC enterprises as of the end of the periods indicated.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Six months ended June 30, 2015	CAGR 2009-2014
(in billions of RMB, except percentages)								
Financial bonds/ subordinated bonds.....	667.9	698.8	1,069.1	1,462.2	1,655.1	2,288.5	3,034.6	27.9%
Corporate bonds/ enterprise bonds/ medium-term notes	1,784.7	2,608.3	3,579.5	4,987.4	6,037.2	7,081.2	7,467.3	31.7%
Asset-backed bonds..	23.4	11.1	6.9	32.2	44.6	312.1	382.5	67.9%
Convertible bonds/exchangeable bonds.....	12.0	78.7	116.3	125.5	160.8	122.3	24.1	59.1%
Total.....	<u>2,488.1</u>	<u>3,396.8</u>	<u>4,771.8</u>	<u>6,607.3</u>	<u>7,897.7</u>	<u>9,805.0</u>	<u>10,908.6</u>	<u>31.6%</u>

Source: Wind Info

INDUSTRY OVERVIEW

Funds Market

The PRC funds market has experienced significant growth in recent years driven by the favorable regulatory environment and the accumulation of personal wealth. According to the Asset Management Association of China, as of June 30, 2015, 97 fund management companies had established, and issued 2,379 mutual fund products in total and managed a total asset value of RMB7.1 trillion in mutual funds. According to the Asset Management Association of China, as of December 31, 2014, 4,955 privately-raised investment fund managers had registered with the Asset Management Association of China.

Derivatives Market

In recent years, the PRC derivatives market has experienced significant growth. Currently, derivatives traded on PRC exchanges primarily include commodity futures, financial futures and options. The PRC commodity futures market has developed rapidly. In April 2010, four CSI 300 Index Futures contracts started trading on the China Financial Futures Exchange, becoming the first financial futures traded in the PRC. On January 9, 2015, the Shanghai Stock Exchange 50 ETF option was launched. The following table sets forth the total trading turnover of major types of derivatives traded on PRC exchanges for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015	CAGR 2009-2014
	(in billions of RMB, except percentages)							
Commodity futures.....	65,255.4	113,488.4	93,747.6	95,282.5	126,467.3	127,969.7	63,948.9	14.4%
Financial futures	—	41,069.9	43,765.9	75,840.7	141,006.6	164,017.0	289,734.2	41.4%
Stock index futures.....	—	41,069.9	43,765.9	75,840.7	140,700.2	163,138.5	288,139.9	41.2%
Treasury bond futures..	—	—	—	—	306.4	878.5	1,594.4	186.7%
Total.....	<u>65,255.4</u>	<u>154,558.2</u>	<u>137,513.4</u>	<u>171,123.1</u>	<u>267,474.0</u>	<u>291,986.7</u>	<u>353,683.1</u>	<u>34.9%</u>

Source: China Futures Association

In addition to derivatives traded on exchanges, derivatives such as total return swaps and OTC options are traded in the PRC OTC market. According to the SAC, 30 PRC securities firms entered into 6,779 OTC derivatives transactions with 310 institutional clients in 2014. As of the December 31, 2014, the total outstanding notional principal balance of OTC derivatives amounted to RMB298.3 billion.

INDUSTRY OVERVIEW

Hong Kong Capital Markets

Overview

The Hong Kong Stock Exchange, comprised of the Main Board and GEM, represents the principal capital market in Hong Kong. In 2014, the Hong Kong Stock Exchange ranked No. 2 in the world in terms of capital raised from initial public offerings which amounted to HK\$232.5 billion. As of December 31, 2014, the Hong Kong Stock Exchange ranked as the sixth largest stock market in the world by market capitalization of its listed companies which amounted to HK\$25.1 trillion. The following table sets forth certain information about the Hong Kong Stock Exchange (including the Main Board and GEM) as of the end of or for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015	CAGR 2009-2014
Number of listed companies.....	1,319	1,413	1,496	1,547	1,643	1,752	1,793	5.8%
Market capitalization (in billions of HK\$, except percentage).....	17,874.3	21,077.0	17,537.3	21,950.1	24,042.8	25,071.8	29,080.5	7.0%
Equity capital raised (in billions of HK\$, except percentage).....	642.1	858.7	490.4	305.4	378.9	942.7	708.9	8.0%
Debt capital raised (in billions of HK\$, except percentage).....	47.4	143.9	152.5	341.2	576.4	961.4	494.4	82.6%

Source: HKEx Fact Book

China has become the key driver of the development of Hong Kong's capital markets. The Hong Kong Stock Exchange has become one of the preferred listing venues for PRC-based companies. The internationalization and growing liquidity of the Renminbi has enabled Hong Kong to gradually become an offshore RMB financing platform.

INDUSTRY OVERVIEW

PRC Issuers in Hong Kong

The number of PRC-based enterprises listed on the Main Board and GEM, including both H share and Red Chip enterprises, increased from 253 as of December 31, 2009 to 353 as of June 30, 2015, and their market capitalization increased from HK\$8.6 trillion as of December 31, 2009 to HK\$12.7 trillion as of June 30, 2015. As of June 30, 2015, the market capitalization of PRC-based enterprises accounted for 43.7% of the total market capitalization of the companies listed on the Hong Kong Stock Exchange. The following table sets forth certain information about the PRC-based enterprises listed on the Main Board and GEM of the Hong Kong Stock Exchange as of the end of the periods indicated.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Six months ended June 30, 2015</u>	<u>CAGR 2009-2014</u>
Number of listed H share enterprises ...	156	163	168	176	182	202	210	5.3%
Number of listed Red Chip enterprises	<u>97</u>	<u>102</u>	<u>107</u>	<u>108</u>	<u>122</u>	<u>133</u>	<u>143</u>	<u>6.5%</u>
Total number of listed PRC-based enterprises	<u>253</u>	<u>265</u>	<u>275</u>	<u>284</u>	<u>304</u>	<u>335</u>	<u>353</u>	<u>5.8%</u>
(In billions of HK\$, except percentages)								
Market capitalization of H share enterprises ...	4,713.5	5,230.5	4,101.3	4,896.0	4,912.5	5,729.7	6,632.0	4.0%
Market capitalization of Red Chip enterprises	<u>3,868.7</u>	<u>4,386.0</u>	<u>4,002.5</u>	<u>4,839.1</u>	<u>4,828.4</u>	<u>5,228.0</u>	<u>6,083.9</u>	<u>6.2%</u>
Total market capitalization of PRC-based enterprises	<u>8,582.2</u>	<u>9,616.5</u>	<u>8,103.8</u>	<u>9,735.1</u>	<u>9,740.9</u>	<u>10,957.7</u>	<u>12,715.8</u>	<u>5.0%</u>

Source: HKEx Fact Book

INDUSTRY OVERVIEW

The RMB-denominated and USD-denominated bond markets have grown rapidly since 2009. The amount of capital raised in RMB-denominated bond offerings in Hong Kong increased from RMB16.0 billion in 2009 to RMB367.6 billion in 2014 and was RMB126.4 billion in the six months ended June 30, 2015. The amount of capital raised in USD-denominated bond offerings by PRC-based issuers in Hong Kong increased from US\$3.8 billion in 2009 to US\$92.5 billion in 2014 and was US\$55.8 billion in the six months ended June 30, 2015. The following table sets forth the amount of capital raised in RMB-denominated and USD-denominated bond offerings by PRC-based issuers in Hong Kong for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015	CAGR 2009-2014
RMB-denominated bond offerings (in billions of RMB, except percentage)	16.0	42.0	154.1	185.9	233.7	367.6	126.4	87.2%
USD-denominated bond offerings (in billions of US\$, except percentage)	3.8	17.8	19.9	32.6	59.2	92.5	55.8	89.4%

Source: Dealogic

Increasing Interaction between the PRC and Hong Kong Capital Markets

In recent years, a series of policies have been introduced to strengthen the cooperation between the PRC and Hong Kong capital markets. The Shanghai-Hong Kong Stock Connect, launched in November 2014, and the planned Shenzhen-Hong Kong Stock Connect are intended to strengthen the financial connection between the PRC and Hong Kong by attracting more foreign investors to China and more Chinese investors to the international markets. In May 2015, the CSRC and the SFC launched the scheme for mutual recognition of publicly offered funds between the PRC and Hong Kong which became effective on July 1, 2015. This is expected to offer more investment channels for overseas investors to invest in the PRC capital market and provide PRC investors with more diverse products from international markets.

The PRC Government also encourages the direct investments by PRC investors in the overseas capital markets through the QDII program and the direct investments in Renminbi-denominated financial products by Hong Kong investors in the PRC through the RQFII program. The approved investment quota of QDII program was initially set at US\$14.2 billion in April 2006 and was gradually raised to US\$90.0 billion as of June 30, 2015. The approved investment quota of RQFII program was initially set at RMB20.0 billion in December 2011 and was gradually raised to RMB390.9 billion as of June 30, 2015.

INDUSTRY OVERVIEW

OVERVIEW OF THE PRC SECURITIES INDUSTRY AND ITS COMPETITIVE LANDSCAPE

Overview

In recent years, the PRC securities industry has grown substantially, in-line with the development of the PRC capital markets. According to the SAC, there were 120 registered securities firms in the PRC as of December 31, 2014. From December 31, 2009 to December 31, 2014, the PRC securities industry's total assets increased from RMB2.0 trillion to RMB4.1 trillion, and the industry's total net assets increased from RMB483.8 billion to RMB920.5 billion.

According to the SAC, from 2009 to 2014, the PRC securities industry's total revenue increased from RMB205.0 billion to RMB260.3 billion, and the industry's total net income increased from RMB93.3 billion to RMB96.6 billion. In 2014, the industry's return on average equity was 10.5%. Securities firms derive revenue primarily from investment banking, brokerage, capital-based intermediary, principal investment and investment management businesses. Brokerage business has been the main source of revenue and the innovative businesses have grown rapidly in recent years.

Intense competition exists in the PRC securities industry. The securities market in the PRC is not highly concentrated. In 2014, the total revenue of the top ten PRC securities firms accounted for 41.1% of the industry's aggregate revenue in the PRC. Each business segment within the PRC securities industry has its own unique competitive landscape. Securities firms also face different levels of cross-business competition with other institutions in the PRC financial market such as banks, insurance companies and trust companies. With the development of Internet finance, securities firms will also face competition from Internet companies with online finance businesses.

Investment Banking

The investment banking business primarily consists of equity and debt underwriting and financial advisory services.

Equity Underwriting

The following table sets forth the amount of capital raised from equity offerings in the PRC for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)						
IPOs	202.2	492.1	272.0	101.8	—	78.7	147.4
Follow-on equity offerings ...	103.3	354.1	218.8	182.3	238.1	358.8	276.1
Total	305.5	846.3	490.8	284.0	238.1	437.4	423.5

Source: Wind Info and Dealogic

INDUSTRY OVERVIEW

Based on the information from Dealogic, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate underwritten amount of equity offerings in the PRC for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Company A ⁽¹⁾	Our Company	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	9.6%	7.8%	6.1%	4.8%	4.6%	4.2%	4.1%	4.1%	4.0%	3.4%

(1) Company A, B, etc. is for illustrative purpose only and does not represent the same securities firm named Company A, B, etc in the other tables in this section.

Debt Underwriting

The following table sets forth the amount of capital raised from debt issuances underwritten in the PRC for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)						
Financial bonds/subordinated bonds.....	314.2	112.0	405.3	472.2	325.9	826.5	866.7
Corporate bonds/enterprise bonds/medium-term notes	1,090.0	830.9	1,111.3	1,768.2	1,343.3	1,816.0	752.5
Asset-backed bonds.....	—	—	1.3	28.1	28.0	331.0	163.8
Convertible bonds/exchangeable bonds ...	4.7	71.7	41.3	16.4	54.7	38.1	10.3
Total.....	<u>1,408.9</u>	<u>1,014.6</u>	<u>1,559.1</u>	<u>2,284.9</u>	<u>1,751.9</u>	<u>3,011.6</u>	<u>1,793.3</u>

Source: Wind Info

INDUSTRY OVERVIEW

Based on the information from Wind Info, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate underwritten amount of debt issuances by PRC securities firms for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Company A	Our Company	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	15.3%	9.4%	6.2%	5.8%	4.9%	4.1%	3.8%	3.4%	3.3%	3.2%

Financial Advisory

The transformation and upgrading of the PRC's industry structures have increased demand for M&A, driving growth in the PRC's M&A and restructuring markets. The following table sets forth the total value of M&A transactions in the PRC for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)						
Total value of M&A transactions in the PRC	958.4	970.2	989.8	938.9	1,240.9	2,226.5	1,363.8

Source: Dealogic

Based on the information from Dealogic, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate value of M&A transactions in the PRC for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Our Company	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	14.4%	6.5%	6.5%	4.8%	3.6%	2.8%	2.7%	2.7%	1.4%	1.1%

Secondary Market

The secondary market business primarily consists of brokerage, capital-based intermediary and principal investment businesses.

INDUSTRY OVERVIEW

Brokerage

Along with the growth of the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the average daily trading turnover of stocks and funds and bonds on the two stock exchanges has grown in recent years. The following table sets forth the average daily trading turnover of stocks and funds and bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)						
Stocks and funds	223.9	229.2	175.4	132.8	202.9	322.3	1,235.2
Bonds	16.7	31.5	88.7	166.0	285.0	381.7	484.8

Source: The Shanghai Stock Exchange and the Shenzhen Stock Exchange

Based on the information from Wind Info, the following table sets forth the ranking of the top ten PRC securities firms in terms of the trading turnover of stocks and funds in the PRC and their respective market share in 2014.

	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Company J
Market share	7.9%	6.5%	5.1%	5.0%	5.0%	4.8%	4.3%	4.3%	3.8%	3.4%

The following table sets forth the ranking of the top ten PRC securities firms in terms of the average net trading commission per brokerage branch in the PRC and their respective net trading commission in 2014.

	Company A	Our Company	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
	(in millions of RMB)									
Net trading commission per brokerage branch	213.5	133.1	101.6	98.1	60.6	56.1	46.2	45.6	37.4	37.0

Source: The SAC

INDUSTRY OVERVIEW

A largely homogenous business model in the traditional brokerage business has led to intense price competition and downward pressure on commission rates in recent years. As the business transforms from a channel-based revenue model to a diversified revenue model with a focus on wealth management and other value-added services, we expect brokerage business participants to increasingly compete by providing differentiated client services, offering comprehensive wealth management products and focusing on marketing initiatives.

Capital-based Intermediary Business

Currently, capital-based intermediary business in the PRC market primarily includes margin financing and securities lending, stock-based lending and stock repurchases. Since the CSRC permitted securities firms to engage in margin financing and securities lending in March 2010, the outstanding balance of margin financing and securities lending has grown from RMB12.8 billion as of December 31, 2010 to RMB2,049.4 billion as of June 30, 2015. The following table sets forth the total balance of margin financing and securities lending outstanding in the PRC as of the end of the periods indicated.

	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)					
Balance of margin financing and securities lending.....	12.8	38.2	89.5	346.5	1,025.7	2,049.4

Source: Wind Info

Based on the information from Wind Info, the following table sets forth the ranking of the top ten PRC securities firms in terms of the balance of margin financing and securities lending in the PRC and their respective market share as of June 30, 2015.

	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Company J
Market share	6.8%	6.5%	6.1%	6.0%	5.9%	5.6%	5.5%	5.5%	5.1%	3.4%

Principal Investment

The permitted investment scope for PRC securities firms' principal investment business has been substantially expanded to include securities traded on the exchanges, the OTC markets and the interbank market, as well as financial products of commercial banks and trust schemes since 2011. The trading strategies and investment instruments available for PRC securities firms have become more diverse with the launch of stock index futures, treasury bond futures and options. The introduction of market-making services for ETF, options and shares quoted on the NEEQ enhances the trading functions of securities firms and strengthens their liquidity risk management capabilities.

INDUSTRY OVERVIEW

Investment Management

The investment management business primarily consists of asset management and private equity.

Asset Management

The asset management business of PRC securities firms has developed rapidly with total AUM increasing from RMB148.3 billion as of December 31, 2009 to RMB10.2 trillion as of June 30, 2015. The following table sets forth the total AUM of PRC securities firms as of the end of the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
	(in billions of RMB)						
AUM	148.3	186.6	281.9	1,890.0	5,195.1	7,946.3	10,246.7

Source: Asset Management Association of China

According to the Asset Management Association of China, the managed AUM of PRC securities firms was RMB2.2 trillion as of June 30, 2015, accounting for 21.4% of the total AUM. The following table sets forth the ranking of the top ten PRC securities firms in terms of managed AUM and their respective market share as of June 30, 2015.

	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Our Company
Market share	18.8%	7.4%	6.7%	6.6%	6.4%	3.7%	3.1%	2.5%	2.4%	2.3%

Source: Asset Management Association of China

Private Equity

Driven by prospective growth opportunities and potentially attractive returns, private equity business of PRC securities firms has grown in recent years. According to the SAC, as of December 31, 2014, there were 60 PRC securities firms that had established investment subsidiaries to conduct private equity business, among which 33 established 90 private equity funds with the total raised funds amounting to RMB64.1 billion.

INDUSTRY OVERVIEW

Overseas Business of PRC Securities Firms

An increasing number of PRC securities firms have established overseas networks to satisfy the cross-border investment needs of their domestic clients. At the same time, these firms have benefited from the growth in overseas capital markets. Based on the information disclosed in the released annual reports of the publicly listed PRC securities firms, the total revenue of the publicly listed PRC securities firms derived from overseas business accounted for 5.7% of their total revenue in 2014, an increase from 1.4% in 2009.

PRC securities firms have grown rapidly in Hong Kong, which is the major market for their overseas business. As the financing activities of PRC-based enterprises has increased, an increasing number of PRC securities firms are offering comprehensive services in Hong Kong, including investment banking, brokerage, sales and trading, private wealth management, asset management and investment research. Investment banking, securities underwriting in particular, has become a main income source for these securities firms in overseas market.

The following table sets forth certain information about overseas equity offerings and bond offerings of PRC-based enterprises and cross-border M&A transactions for the periods indicated.

	2009	2010	2011	2012	2013	2014	Six months ended June 30, 2015
(in billions of US\$)							
Equity capital raised by PRC-based enterprises in Hong Kong	52.2	72.1	30.5	32.1	38.6	52.7	49.1
Overseas debt capital raised by PRC-based enterprises ⁽¹⁾	8.1	31.4	46.5	63.3	102.9	162.0	77.8
Cross-border M&A transactions	63.4	92.3	92.1	89.3	105.8	96.6	72.1

Source: Dealogic

(1) Represents offerings of USD-denominated bond, RMB-denominated bond and overseas convertible-bond.

Based on the information from Dealogic, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate underwritten amount of equity offerings of PRC-based enterprises in Hong Kong for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Our Company	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	5.3%	5.1%	4.6%	2.3%	1.4%	0.5%	0.5%	0.3%	0.3%	0.3%

INDUSTRY OVERVIEW

Based on the information from Dealogic, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate underwritten amount of overseas bond offerings of PRC-based enterprises for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Company A	Company B	Our Company	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	3.8%	1.1%	0.7%	0.6%	0.5%	0.2%	0.2%	0.0%	0.0%	0.0%

Based on the information from Dealogic, the following table sets forth the ranking of the top ten PRC securities firms in terms of the aggregate value of cross-border M&A transactions for the period from January 1, 2009 to June 30, 2015 and their respective market share for the same period.

	Our Company	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Market share	3.6%	3.1%	0.4%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%

DEVELOPMENT TRENDS IN THE PRC CAPITAL MARKETS AND SECURITIES INDUSTRY

Opportunities

Currently, market-oriented regulatory reforms in the PRC, particularly those listed below, are expected to lead to further disintermediation of the financial market and the increase in scale and the optimization of the structure of the PRC capital markets.

Liberalization of interest rate. The loosening of control over interest rate will contribute to market determined pricing of financial products, diverse financing channels as well as efficient allocation of capital. The securities industry will increasingly be able to provide tradable financing products and diverse savings alternatives, which will further promote and benefit from financial disintermediation. As of the end of 2014, banks held 92.1% of the total assets of the PRC financial system, while the securities industry held only 2.2%, presenting significant growth potential.

Internationalization of the Renminbi. The internationalization of the Renminbi involves the further opening-up of capital accounts and the optimization of the exchange rate system for Renminbi, which will encourage cross-border capital flows, promote interoperability of financial markets, and facilitate the development of cross-border business.

Further reform of SOEs. In order to optimize SOE corporate governance and business operation efficiency, the PRC Government has initiated a new round of SOE's reform. Through measures such as corporate restructuring, private placement to strategic investors or IPOs, the quality of listed assets of SOE is expected to improve. As a result, such SOEs could become high-quality and desired investment targets for asset management portfolio components.

INDUSTRY OVERVIEW

Broadening of security product offerings. Improved liquidity and assets quality make capital market more attractive and more investor friendly. Investor's demand for financial assets such as securities, insurance products, asset management services and private equity investment will further improve the overall environment of the financial markets, as a result of which, more innovative products are designed and offered.

Challenges

The evolving competitive landscape in the PRC securities industry is bringing more challenges to PRC securities firms in the following aspects.

Homogenous products and services. The competition in the PRC securities industry is intense as most of the products and services are homogenous.

Revenue from channel-based business. The majority of the PRC securities firms' revenue is derived from channel-based business, such as brokerage and underwriting, and is facing considerable downward pressure on commission rates.

Relaxation of licensing requirements. The relaxation of licensing requirements and the trend of cross-business operations allow new competitors to enter into the securities industry, which has resulted in escalated competition from other institutions in the PRC financial market such as banks, insurance companies and trust companies.

Development of online finance business. The development of online finance business providing new technologies including convenient applications and customer behavior data analysis is changing the competitive landscape and accelerating the transformation of securities firms' traditional business model.

Trends

The development of the PRC economy and the aforementioned reforms in the PRC and changes of competitive landscape in the PRC securities industry are generating more needs for diverse and sophisticated products and services, particularly benefiting large-scale securities firms possessing comprehensive capabilities.

Sophisticated products. With the needs for financing and financial services becoming more diversified and sophisticated, in addition to the standard products, a number of innovative products have been launched to meet clients' specific demands, such as collateralized stock repurchase agreements, structured notes, SME private placement bonds and securitization products.

High-end services. In the past few years, wealth of PRC residents accumulated fast and the awareness of wealth management increased quickly. Although the existing wealth management services have addressed clients' needs to certain extent, there is strong demand for high-end wealth management services. Institutional investors also have strong demand for value-added services and customized structured products.

INDUSTRY OVERVIEW

Capital-based intermediary business. As the investors' demand for financing and liquidity increases and the regulatory environment gradually relaxes, the capital-based intermediary business, including margin financing and securities lending, stock-based lending, stock repurchases, total return swaps, market-making for the NEEQ, ETF options, bonds and structured notes, is expected to be further developed.

Cross-border business. Benefiting from the internationalization of the Renminbi and the further opening up of the PRC capital markets, cross-border business has grown significantly evidenced by the developments in the areas including the offshore listing of PRC-based companies and their outbound investment, the potential listing on PRC capital markets of multinational corporations and their inbound investment, and the brokerage business opportunities created by the launch of Shanghai-Hong Kong Stock Connect in 2014.

OUR HISTORY AND CORPORATE STRUCTURE

OUR HISTORY

Our Company, China's first joint venture investment bank, was established on July 31, 1995 in the name of China International Capital Corporation Limited (中國國際金融有限公司) in the PRC as approved by the PBOC with a registered capital of US\$100 million. The promoters of our Company were the former People's Construction Bank of China (中國人民建設銀行), Morgan Stanley & Co. Incorporated (摩根士丹利國際公司), I&G (then known as China National Investment & Guaranty Corporation (中國經濟技術投資擔保公司)), GIC (新加坡政府投資有限公司) (then known as Government of Singapore Investment Corporation Pte. Ltd. (新加坡政府投資公司)) and Mingly (名力集團控股有限公司) (then known as The Mingly Corporation Limited (名力集團)). As of the date of establishment of our Company, the promoters contributed in cash US\$42.5 million, US\$35.0 million, US\$7.5 million, US\$7.5 million and US\$7.5 million, respectively, and held 42.5%, 35.0%, 7.5%, 7.5% and 7.5%, respectively, of equity interest in our Company.

In November 2001, the foreign promoters of our Company, namely Morgan Stanley & Co. Incorporated, GIC and Mingly, transferred in aggregate 1% of our equity interest to the Chinese promoters, namely the former People's Construction Bank of China and I&G (then known as China National Investment & Guaranty Corporation (中國經濟技術投資擔保公司)) at the aggregate consideration of US\$2,736,026. In September 2004, the former People's Construction Bank of China was restructured into Jianyin Investment and China Construction Bank Corporation (中國建設銀行股份有限公司), following which Jianyin Investment succeeded the entire 43.35% equity interest in our Company held by the former People's Construction Bank of China, which was in turn allocated to Huijin at nil consideration in August 2010. In November 2010, the entire 34.30% equity interest in our Company held by Morgan Stanley & Co. Incorporated was transferred to TPG, KKR Institutions Investments, GIC and Great Eastern as to 10.30%, 10.00%, 9.00% and 5.00% respectively at the consideration of approximately US\$300.3 million, US\$291.5 million, US\$262.4 million, and US\$144.3 million, respectively. Following the above changes, our Company was held by Huijin, GIC, TPG, KKR Institutions Investments, I&G (then known as China National Investment & Guaranty Co., Ltd. (中國投資擔保有限公司)), Mingly and Great Eastern as to 43.35%, 16.35%, 10.30%, 10.00%, 7.65%, 7.35% and 5.00%, respectively.

OUR HISTORY AND CORPORATE STRUCTURE

In April 2015, Huijin allocated in aggregate 0.18% of our equity interest to three of its wholly-owned subsidiaries, namely, Jianyin Investment, JIC Investment and China Investment Consulting equally at nil consideration. On June 1, 2015, our Company was converted into a joint stock company with limited liability in the name of China International Capital Corporation Limited (中國國際金融股份有限公司). Huijin, Jianyin Investment, JIC Investment, China Investment Consulting, GIC, TPG, KKR Institutions Investments, I&G, Mingly and Great Eastern, were the promoters. Upon the conversion, our Company had a total share capital of RMB1,667,473,000 comprising 1,667,473,000 shares with nominal value of RMB1.00 each, which were subscribed by all the promoters with reference to the appraisal report by China Enterprise Appraisals Co., Ltd. as of December 31, 2014. Upon the completion of the conversion, the shareholding of our Company was as follows:

No.	Name of Shareholders	Number of Shares	Percentage
1	Huijin	719,848,271	43.17%
2	Jianyin Investment	1,000,000	0.06%
3	JIC Investment	1,000,000	0.06%
4	China Investment Consulting	1,000,000	0.06%
5	GIC	272,631,835	16.35%
6	TPG	171,749,719	10.30%
7	KKR Institutions Investments	166,747,300	10.00%
8	I&G	127,562,960	7.65%
9	Mingly	122,559,265	7.35%
10	Great Eastern	83,373,650	5.00%
Total		<u>1,667,473,000</u>	<u>100.00%</u>

MILESTONES IN OUR HISTORY

We have been a pioneer among PRC securities firms in various aspects as further disclosed in “Business” in this prospectus. Set out below is a list of key milestones in the founding and development of our Group.

Year	Event
1997	<p>We established our first overseas subsidiary CICC Hong Kong, through which we became the first PRC securities firm conducting securities underwriting business in Hong Kong</p> <p>We completed our first overseas IPO project, the IPO of China Telecom (Hong Kong) Limited (currently known as China Mobile Limited) on the Hong Kong Stock Exchange, which marked the beginning of the restructuring and overseas listing of large SOEs directly under the PRC central government, and was also the largest IPO in Asia in 1997 as well as the largest IPO of PRC-based companies ever up until the end of 1997.</p> <p>We established our Research Department and released our first research report published to international investors.</p>
1999	We were one of the earliest PRC securities firms that commenced securities brokerage business in Hong Kong.

OUR HISTORY AND CORPORATE STRUCTURE

Year	Event
2002	We obtained approval from the CSRC to conduct asset management business.
2004	We were the first securities firm designated by the NSSF as an investment manager. We were among the first batch of sponsor institutions approved by the CSRC. We established our Fixed Income, Commodities and Currency Department, and were one of the earliest securities firms to conduct fixed-income business domestically.
2005	We were one of the first two securities firms to obtain qualification to serve as investment manager of the assets of enterprise annuity funds from the then Ministry of Labour and Social Security.
2007	We were one of the first two securities firms to obtain approval from the CSRC to conduct private equity investment under the pilot scheme. We were the first securities firm to obtain QDII qualification from the CSRC. CICC US Securities Inc. became a member of the US Financial Industry Regulatory Authority and was registered with the US Securities and Exchange Commission in 2007. We were one of the first two securities firms that received an “AA” regulatory rating from the CSRC when the CSRC adopted the rating framework in 2007. We have maintained such rating for nine consecutive years since 2007. We established our Wealth Management Department, and were one of the earliest securities firms to engage in wealth management business.
2008	We obtained approval from the PBOC to conduct debt-instrument underwriting business as a lead underwriter. We established China International Capital Corporation (Singapore) Pte. Limited which was licensed by the Monetary Authority of Singapore.
2009	We established China International Capital Corporation (UK) Limited (“CICC UK”) which was licensed by the UK Financial Services Authority in the following year.
2010	We obtained approval from the CSRC to conduct margin financing and securities lending business. We were the first securities firm to obtain approval from the CSRC to raise and manage private equity funds.
2011	We were one of the first securities firms to obtain approval from the CSRC to engage in RQFII business under the pilot scheme. CICC UK became the member firm of the London Stock Exchange, making us the first PRC securities firm member.

OUR HISTORY AND CORPORATE STRUCTURE

Year	Event
2013	We obtained permission from the SAC to conduct OTC derivatives business. We obtained the consent from the Shanghai Stock Exchange and the Shenzhen Stock Exchange respectively to conduct stock-based lending business. CICC HK AM obtained QFII qualification from the CSRC.
2014	We established CICC Fund Management, which is the first wholly-owned domestic fund company.

ACQUISITION AFTER THE TRACK RECORD PERIOD

To develop our futures brokerage business in the PRC, our Company entered into an equity purchase agreement on February 27, 2014 with Jianyin Investment, a wholly owned subsidiary of Huijin, to acquire the entire equity interest in Fortune Futures, a PRC-based futures brokerage company at the consideration of approximately RMB211.9 million, which was determined by reference to a valuation of the assets of Fortune Futures as of December 31, 2012 by a qualified asset appraiser and had been fully paid as of September 1, 2014. We have obtained a transaction certificate from the Equity Exchange of Qinghai Province (青海省產權交易市場) dated June 2, 2015 stating that, the equity transfer was conducted in accordance with laws and regulations relating to state-owned assets transfer, the approval of change in shareholders of Fortune Futures from the CSRC on June 26, 2015 and the approval of the Department of Commerce of Qinghai Province (as extended) on August 11, 2015. The acquisition was completed on August 24, 2015. In light of the lapse of time between the valuation date and the date of completion of the acquisition due to the time taken to obtain certain requisite regulatory approvals, we have entered into a supplementary agreement with Jianyin Investment on February 27, 2014, pursuant to which an audit shall be made on Fortune Futures to determine the profit and loss of Fortune Futures from December 31, 2012 to the completion date of the equity transfer to determine the further consideration payable by us. Based on the audit, the additional consideration has been determined at RMB35.8 million. See “Business — Our Business — FICC — Futures Brokerage” and “Financial Information — Acquisition after the Track Record Period” for further details. See also “Appendix I — Accountants’ Report — C. Notes to Consolidated Financial Information — 57. Events after the Reporting Date — (a) Subsequent acquisition” for the historical financial information of Fortune Futures and Appendix II for the pro forma financial information in respect of the enlarged Group.

OUR HISTORY AND CORPORATE STRUCTURE

OUR PRINCIPAL SUBSIDIARIES

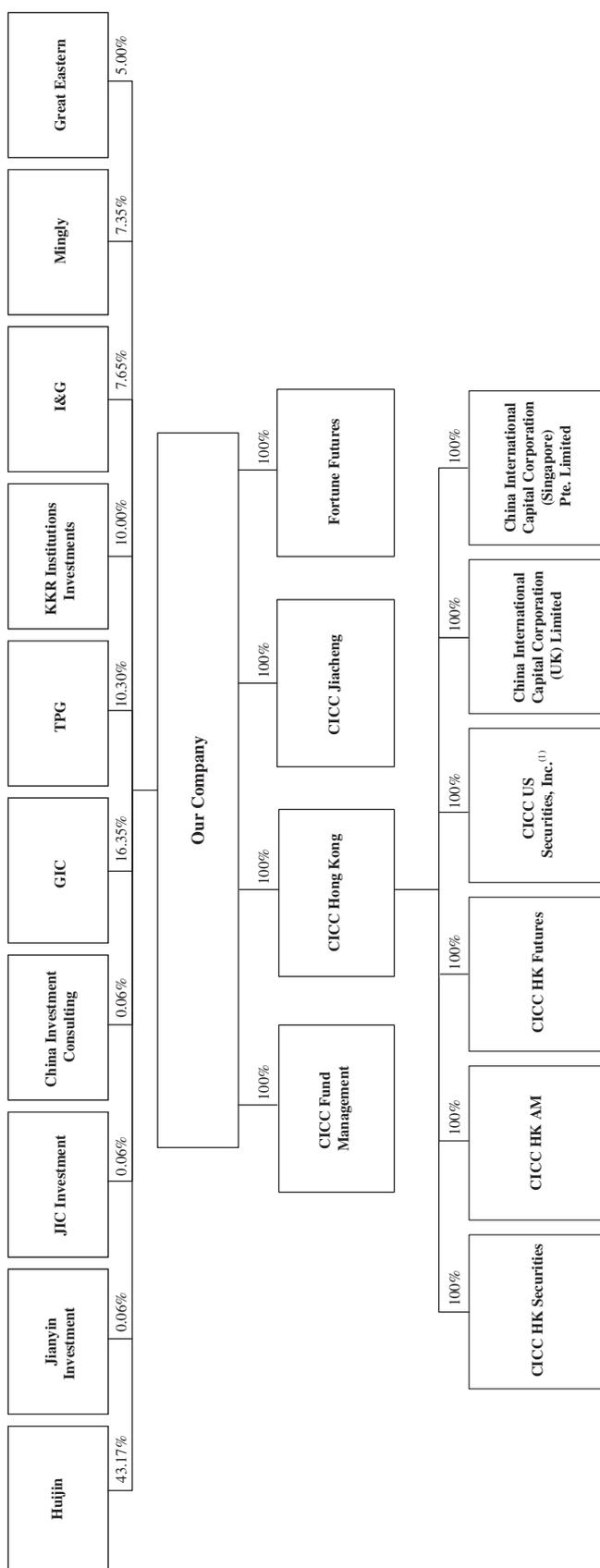
As of the Latest Practicable date, we have 65 subsidiaries. See “Appendix I — Accountants’ Report — C. Notes to Consolidated Financial Information — 56. Supplementary Notes to the Statements of Financial Position of the Company — (a) Interest in Subsidiaries” in this prospectus for details of the subsidiaries which principally affected the results, assets or liabilities of us as of June 30, 2015. The following chart sets out the details of certain of our principal subsidiaries, all of which are wholly owned by us as of the Latest Practicable Date.

No.	Name	Place of Incorporation	Date of Incorporation	Registered Capital/		Principal Businesses
				Issued Share	Capital	
1.	CICC Hong Kong	Hong Kong	April 4, 1997	HKD62,400,000		Overseas investment holding
2.	CICC HK Securities	Hong Kong	March 9, 1998	HKD843,220,000		Investment banking and securities brokerage
3.	CICC US Securities, Inc.	USA	August 25, 2005	US\$53,000,000		Investment banking, securities brokerage
4.	China International Capital Corporation (UK) Limited	UK	August 18, 2009	GBP21,000,000		Investment banking, securities brokerage
5.	China International Capital Corporation (Singapore) Pte. Limited	Singapore	July 23, 2008	SGD47,000,000		Investment banking, securities brokerage
6.	CICC HK AM	Hong Kong	December 17, 2005	HKD245,740,000		Assets management, securities investment advisory
7.	CICC HK Futures	Hong Kong	August 30, 2010	HKD26,000,000		Futures brokerage, market making
8.	CICC Jiacheng	PRC	October 26, 2007	RMB410,000,000		Direct investment
9.	CICC Fund Management	PRC	February 10, 2014	RMB150,000,000		Promotion and management of mutual funds
10.	Fortune Futures	PRC	July 22, 2004	RMB200,000,000		Futures brokerage

OUR HISTORY AND CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE AND REASONS FOR LISTING

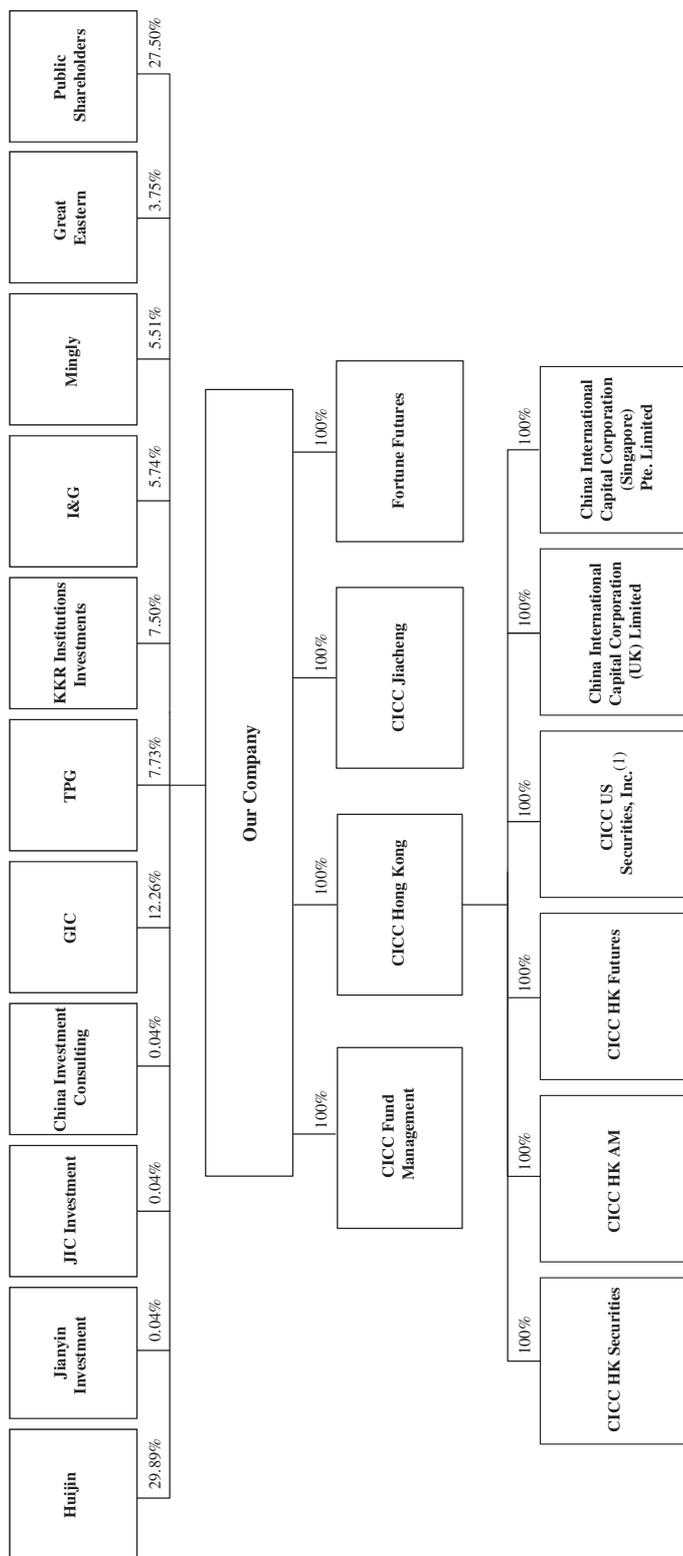
Our Company is seeking the Listing so as to meet our capital needs for our business development and promote our development. The following chart sets out the simplified shareholding and corporate structure of our Group as at the Latest Practicable Date and prior to the Global Offering:



(1) CICC US Securities, Inc. is indirectly held by CICC Hong Kong.

OUR HISTORY AND CORPORATE STRUCTURE

The following chart sets out the simplified shareholding and corporate structure of our Group immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



(1) CICC US Securities, Inc. is indirectly held by CICC Hong Kong.

BUSINESS

Overview

We are a premier China-based investment bank with international reach. We have built a distinguished market presence with an excellent team, client base and brand name, which enables us to capture market opportunities. Our goal is to become a world-class financial institution with global influence.

We were the first joint-venture investment bank in the PRC. As a pioneer in adopting international best practices with a thorough understanding of the Chinese market, we quickly became a flagship investment bank in China. We have spearheaded the development of the PRC's capital markets by completing many precedent-setting transactions.

A new round of financial reforms have been initiated in the PRC, which include interest rate liberalization and internationalization of the Renminbi. Such reforms expand the direct capital raising market and promote the free flow of cross-border capital. While we expect these trends to enhance the role of securities firms in the financial markets in general, we believe that we are uniquely well-positioned to take the advantage of these significant opportunities due to our leading position in investment banking and cross-border execution capabilities.

Our success is built upon our clients' success. We aim to provide the best products and services to our clients. We strive to accomplish this mission by adhering to the following core values:

- **Clients first.** Client service is always our first priority. We maintain long-term relationships with our clients and provide them with value-added services.
- **People oriented.** People are our most valuable resource. We make great efforts to attract, cultivate and retain the best people.
- **Integrity as foundation.** Our reputation is our biggest asset and is built upon the utmost professional integrity and highest ethical standards. We never compromise on integrity.
- **Pursuit of perfection.** We take great pride in the professional quality of our work. We set high standards for ourselves, which we always aspire to meet and exceed in all respects.
- **Chinese roots, international reach.** As a China-based global investment bank, we are proud of our China roots and our international DNA. We strive to bridge China and the world by providing best-in-class services to both Chinese and overseas clients.

BUSINESS

The following table shows our business structure:

Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management
<ul style="list-style-type: none"> • Equity financing • Debt and structured financing • Financial advisory • NEEQ services 	<ul style="list-style-type: none"> • Brokerage services • Capital-based intermediary services 	<ul style="list-style-type: none"> • Trading and principal investment • Product structuring • Fixed income distribution • Futures brokerage 	<ul style="list-style-type: none"> • Advisory services • Transactional services • Capital-based intermediary services • Product services 	<ul style="list-style-type: none"> • Asset management • Fund management • Private equity

- **Market leading investment banking business.** We have built the leading investment banking franchise in the PRC. We also provide a comprehensive offering of products and services internationally. From our inception in 1995 to June 2015, we ranked No. 1 among all investment banks acting as bookrunners in terms of aggregate offering amount of onshore and offshore equity offerings of PRC-based companies; we ranked No. 2 among all investment banks acting as lead underwriters in terms of aggregate offering amount of debt and structured financing transactions of PRC-based companies; and we also ranked No. 1 among all investment banks advising PRC-related M&A transactions in terms of aggregate transaction value.
- **Leading equity sales and trading business.** We provide equity sales and trading services through our networks in major PRC cities and international financial hubs. We have an experienced institutional sales, deal execution and product design team covering brokerage services and capital-based intermediary services. We believe that we have attained a leading position among all PRC securities firms in serving QFII and RQFII clients. We have earned a reputation as a market leader and the “China Expert,” and were named the “Best Local Brokerage,” the “Best Overall Sales Services” and the “Best Execution” by *Asiamoney* for nine consecutive years from 2006 to 2014.
- **Comprehensive FICC business.** We provide our clients with a full range of products and services, including structured products and solutions, distribution of fixed income products, futures brokerage and fixed income research. We have a diverse and growing client base for our FICC business that includes commercial banks, insurance companies, mutual funds, QFIIs, hedge funds, trust companies, asset management companies, finance companies and corporations.
- **Top-tier wealth management services.** We are a pioneer in the PRC in introducing an advice-driven service model for wealth management services, providing tailored products and services to high-net-worth clients, and we continue to differentiate ourselves by our highly regarded asset allocation research capabilities. We were named the “Best Wealth Management Institution” by *Securities Times* for three consecutive years from 2013 to 2015.

BUSINESS

- **Diversified investment management platform.** We have a full-license and diversified investment management platform, including asset management, mutual fund, fund of funds and private equity, that serves institutional clients, high-net-worth individual clients and retail clients. Our main product offerings include enterprise annuity plans, retail equity and fixed income funds, private equity fund of funds, growth private equity and real estate funds, as well as other cross-border and alternative products.

Since our founding in 1995, our business has experienced significant growth. Today we are a full-service investment bank with an expansive network covering 18 major cities in the PRC and four international financial hubs in Hong Kong, New York, London and Singapore. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our revenues and other income were RMB4,099.1 million, RMB4,064.8 million, RMB6,155.8 million and RMB4,881.0 million, respectively, and for the same years and period, the profits attributable to equity holders or shareholders of our Company were RMB307.7 million, RMB370.1 million, RMB1,118.5 million and RMB1,136.1 million, respectively. Our return on average equity increased from 4.8% in 2012 to 5.5% in 2013 and further to 15.1% in 2014.

Our Strengths

Premier brand

We have successfully cultivated a premier brand name in the financial services industry. We have set high standards for ourselves since our inception, and we have always adhered to them. This has helped firmly establish our reputation. From 2007 to 2014, we were awarded the “Best Investment Bank in China” by *Global Finance* for seven out of eight years and the “AAA Best Investment Bank in China” by *The Asset* for six out of eight years.

Our brand name and reputation enable us to attract new clients and talent as well as retain our existing clients and employees, which in turn strengthens our market-leading position. We believe that this virtuous cycle will continue. Our brand name also helps us win high-profile mandates. Our clients trust that we will be able to successfully execute their most important transactions. Our strong reputation helps us win regulatory support for our new products and services and also promote new products and services to our clients more effectively.

Distinct international DNA

We are the first Sino-foreign joint-venture investment bank in the PRC. Since our inception, we have adhered to the international best practices in terms of business operation, corporate governance, and talent and culture cultivation. By providing high quality cross-border products and services to both domestic and overseas clients, we believe that we are the most influential PRC-based investment bank with distinct international DNA.

BUSINESS

Over the years, we have built a very strong international presence. We opened our first overseas subsidiary in Hong Kong in 1997 and pioneered among PRC-based investment banks in owning and directly managing overseas operations. We currently have established overseas operations in four major international financial hubs including Hong Kong, New York, London and Singapore. To broaden our exposure to the overseas markets, we have also formed strategic partnerships with many foreign corporations located in the United States, the United Kingdom, Continental Europe, Korea, Singapore and other countries in Southeast Asia. We seamlessly integrate our domestic and overseas business operations. This allows our teams to become proficient in both domestic and international transactions. About half of our team members in investment banking and research possess practice licenses for both domestic and certain overseas jurisdictions. This has enabled us to provide one-stop global services to our clients.

In 2014, revenues derived from our businesses in the PRC, Hong Kong and other international locations were RMB4,446.5 million, RMB1,564.4 million and RMB403.5 million, respectively, before inter-company eliminations. Revenues from our overseas businesses accounted for 27.9% of our total revenues in 2014, which we believe is the highest such percentage among all publicly listed PRC securities firms. During the period between 1997 and 2014, 42.7% of our completed investment banking transactions in terms of transaction value were overseas or cross-border transactions. Our outstanding cross-border capability resulted in 36% of our equity sales and trading revenue coming from overseas business in 2014. Our substantial international business naturally diversifies our exposure to geoeconomical and geopolitical risks.

High-quality, diverse and loyal client base

We have a high-quality and diverse client base primarily consisting of industry-leading corporations, institutional investors and high-net-worth individuals. We develop and maintain long-term relationships with our clients and are dedicated to providing them with a comprehensive suite of products and services. We have won our clients' loyalty through our deep engagement and our thorough knowledge and understanding of their businesses. Our clients always entrust us to handle their strategically important and sophisticated transactions.

Leading corporations form the foundation of our client base. Over the years, we developed a group of large clients, including many strategically important SOEs as well as leading non-SOE enterprises. We have further solidified our long-term relationships with these clients through continuous and dedicated service. Furthermore, we are also proactively developing relationships with high-quality emerging growth companies, a key driving force of the PRC's economic growth. As of June 30, 2015, our investment banking client base encompassed numerous companies in various industries including but not limited to financial services, energy, telecommunications, transportation, metallurgy, technology, healthcare and consumer products.

BUSINESS

We believe our diversified institutional investor client base distinguishes us from our peers. As of June 30, 2015, we had over 3,000 institutional clients consisting of QFIIs, RQFIIs, QDIIs, commercial banks, insurance companies, mutual funds, pension funds, sovereign funds, hedge funds, private equity funds, listed companies and national asset management companies, among which approximately 60% were overseas-based. We were one of the first PRC securities firms to serve QFII and RQFII clients. We believe that we have attained a leading position among all PRC securities firms in serving QFII and RQFII clients.

As a pioneer among PRC securities firms in serving high-net-worth individuals, we have built an excellent high-net-worth client base. Our wealth management clients reached 24,200 as of June 30, 2015 with average client account balance of RMB14.9 million. The total asset value of our wealth management client accounts grew from RMB108.4 billion as of December 31, 2012 to RMB216.0 billion as of December 31, 2014, representing a CAGR of 41.2%, and further to RMB360.2 billion as of June 30, 2015.

Premier investment banking franchise

We have built the leading investment banking franchise in the PRC. From our inception in 1995 to June 2015, in terms of aggregate value of completed deals, we ranked No. 1 among all investment banks acting as bookrunners for the onshore and offshore equity offerings of PRC-based companies, No. 2 among all investment banks acting as lead underwriters for debt and structured financing transactions of PRC-based companies, and No. 1 among all investment banks advising PRC-related M&A transactions. Our team's execution and innovation capabilities and international experience distinguish us from our peers. We have led many complex, large and precedent-setting transactions and we have received numerous major awards in recognition of the leadership and achievements of our investment banking business.

Our success in and our well-established platform for investment banking help us attract and retain talent which is the key to our success. As of June 30, 2015, we had a team of over 350 investment banking professionals, among whom over half had experience in both domestic and overseas transactions. Their expertise and experience allow them to work seamlessly on domestic, overseas and cross-border assignments. Our investment banking staff with titles of executive director or above have an average tenure with us of over eight years.

The success of our investment banking business also greatly contributes to our premier brand name and helps us retain existing clients and attract new clients. As of June 30, 2015, among the 92 PRC companies that ranked among the 2014 Fortune Global 500, 72 were our investment banking clients. Our investment banking business is core to establishing and retaining senior relationships with our clients, which in turn helps us generate cross-selling opportunities across our other business lines. For instance, as of June 30, 2015, more than half of our enterprise annuity plan clients were our investment banking clients.

BUSINESS

Leading and influential research

Research is an important foundation of our business and we believe that we have one of the best research practices in the securities industry in the PRC. Our research adheres to the principles of objectivity, independence, prudence and professionalism. Our highly capable and experienced research team, with strong international experience, is one of our most valuable assets. As of June 30, 2015, we had more than 100 research professionals. Leveraging our strong international platform, our research team also excels at overseas and cross-border research.

We provide a broad range of in-depth and timely research to institutional and individual investors, enterprises and government entities. We research and analyze the fundamental aspects of macroeconomics, equity products, fixed income, commodities and currency products and other quantitative products on a global basis. Our deep understanding, thorough analysis and unique insights into PRC-based companies and industries have earned us a reputation as the “China Expert.” As of June 30, 2015, companies covered by our research team accounted for 51% of the total market value of the PRC stock market and 79% of the total market value of the PRC-based enterprises listed on the Hong Kong Stock Exchange. As of June 30, 2015, our analysts covered approximately 800 listed companies, over two-thirds of which are covered by our research reports in both Chinese and English.

Our research has also enhanced our brand and reputation. We were recognized as the “No. 1 Overall Country Research for China” by global institutional investors for nine consecutive years from 2006 to 2014, according to *Asiamoney*. We were named “No. 1 All-China Research Team” by the *Institutional Investor* for three consecutive years from 2012 to 2014.

Outstanding innovation capabilities

Our Company itself was established as an innovative step to reform the PRC’s capital markets. Our corporate culture of openness and collaboration create an environment for creative solutions. Our high-caliber professionals and their vision and extensive experience have led to our firm grasp of the market’s pulses and provide innovative products and services to meet our clients’ needs.

Our innovation capabilities have contributed to the success of our premier investment banking franchise. At various stages in the PRC’s economic development, we have provided creative solutions to both regulators and our clients. We have spearheaded the development of the PRC’s capital markets by completing many precedent-setting transactions. For instance, we led the execution of the first A+H share concurrent IPO (Industrial and Commercial Bank of China Limited, 2006), the first enterprise asset-backed securities offering (China United Network Communications Group Co., Ltd., 2005) and the first merger by share swap between two A+H listed companies (CSR Corporation Limited and China CNR Corporation Limited, 2015).

Our innovation capabilities also catalyze the growth of our other business lines. When PRC companies started to list overseas and attract international investors, we were the first among PRC securities firms, to provide sales and trading services to overseas institutional clients. As the PRC’s economy grew, and the demand for high-end asset allocation products and services increased, we capitalized on this opportunity and were the pioneer in establishing a wealth management business to provide high-net-worth individuals with innovative products and services.

BUSINESS

We expect that PRC regulatory authorities will further encourage innovation and creativity in the PRC capital markets. We believe that we will continue to capture future market opportunities by leveraging our overall strength and solid experience in providing creative solutions to clients.

Comprehensive and effective risk management

We have been consistently rated “AA”, the highest rating ever issued to a PRC securities firm by the CSRC since the rating was launched in 2007. The CSRC evaluates each PRC securities firm’s risk management and internal controls on an annual basis. Our comprehensive and effective risk management system and high compliance standards set us apart from our peers.

We believe that we hold a leading position among our peers in terms of risk management and internal controls. We constantly focus on the risks that we and our clients face and have implemented effective risk management and internal controls. We have set up a sound and comprehensive risk management system at various corporate levels, including the Board of Directors, the senior executives, the risk management departments, the business departments and branches, in order to monitor, evaluate and manage our risk exposures, including market risk, credit risk, liquidity risk and operational risk. Furthermore, we have adopted the international best practices for managing legal and compliance risks and reputational risks across multiple regulatory regimes.

Top-tier management team and professionals

Human capital is critical to our success. We attract, cultivate and retain talent to build and strengthen our core competitive strengths. Our distinct culture infuses our people with the spirit of partnership and inspires professionalism, innovation and loyalty.

Our senior management team has extensive experience in domestic and overseas financial markets and a majority of them have working experience in well-known overseas financial institutions. Their vision and entrepreneurial spirit have led us to adjust our business strategies in a timely manner to capture market opportunities. Our senior executives and mid-level management team, including heads of various departments and branches, have on average more than 15 years of working experience in the investment banking and finance-related industries. They form the backbone of our talent team and are the foundation upon which we build our success.

Our premier brand and strong platform enable us to attract the best graduates from top domestic and overseas universities as well as the best talent in the industry. As of June 30, 2015, we have over 2,000 employees, of whom 57% hold masters or higher degrees. Approximately 40% of our employees and 65% of our managing directors have overseas study or work experience. We provide them with focused and continuous training and expose them to high-profile transactions. Their full immersion in our culture equips them with our unique style and with a diligent and responsible work ethic. In addition, we believe the team cohesiveness and attachment to our strong corporate culture results in superior capabilities.

Influential and supportive shareholders

We have high-profile shareholders, including Huijin, GIC, TPG, KKR Institutions Investments and other well-known domestic and international institutions. We believe we can benefit from their diverse background, broad business scope and strategic vision to strengthen our corporate governance, broaden our access to resources and increase our international influence.

BUSINESS

Our Strategies

Our success comes from our ability to stay ahead of the market trends and provide innovative solutions to our clients. The financial reform in the PRC presents us with enormous new opportunities, particularly in the area of high-end financial services. Leveraging our competitive strengths, especially our high quality client base and outstanding cross-boarder capabilities, we will sharpen our focus on capital-based products and services to better facilitate our clients' trading and deal execution needs. We expect that our strategy will solidify our leading franchise, achieve attractive growth and enhance shareholder value. In particular, we intend to implement the following business strategies:

Client: leverage existing client franchise and expand client base

Client service is always our first priority. We will continue to focus on large corporate and institutional clients, historically a core client base. We plan to leverage our comprehensive and full-service capability to offer innovative capital-based products and services to meet our clients' evolving needs and increase our share of wallet. We plan to strengthen cross-selling and services for these clients in order to secure their loyalty and become their long-term financial service partner. We will also strengthen our coverage of growth companies in emerging industry sectors such as TMT, healthcare, clean energy and consumer products by leveraging our brand name, reputation and execution and innovation capabilities.

We aim to further strengthen and expand our high-net-worth individual client base. We will offer more comprehensive and diversified long-term and short-term financial solutions to meet their growing asset allocation needs. To this end, we plan to continuously improve our design and innovation capabilities and supplement our platform with carefully sourced third-party products. In addition, we will continue to tap the large and fast growing middle-class clients in a cost efficient way, leveraging our popular Internet and mobile platform — Golden Net.

Product: stay innovative and focus on client facilitation

Our product strategy serves our client strategy. In addition to continuing to strengthen our fee-based products and services, we intend to focus on facilitating clients' trading and deal execution needs by developing capital-based products and services such as balance sheet-based products and services. In the primary market, we plan to offer asset securitization and other asset-liability management products and services, high-yield bonds, acquisition financing and leveraged buyouts. We also intend to expand our offerings of tailored OTC products and enhance our design capability for nonstandard financial products to meet our clients needs. In the secondary market, we plan to enhance our prime brokerage capability to provide a comprehensive suite of services to hedge funds and other professional investors. We plan to strengthen our derivatives, futures and other financial product development capability to address the increasing sophisticated needs from our client. We plan to allocate dedicated resources to new products and services within each business line. We will also continue to focus on fostering a genuinely open and collaborative culture and encourage communication and cooperation among different product groups to achieve sustained product innovation.

BUSINESS

Risk management: optimize the system to enhance effectiveness and comprehensiveness

The effectiveness and breadth of our risk management is a key to our success. We are exposed to various risks including market risks, credit risks, liquidity risks, operational risks, compliance risks, legal risks and reputational risks. We intend to further optimize our corporate governance structure to streamline our risk management process. We will continue to improve our policies and procedures to more closely monitor and proactively manage our risk exposures. We will also promote the culture of risk awareness by developing risk awareness training programs.

The growth of our capital-based business imposes additional demands for financial resources management. We intend to upgrade our financial resource management system, or an FRM system, to meet this challenge. A key function of such an FRM system is to better manage the overall capital raising and capital allocation across our organization. We also intend to implement additional measures such as stress tests to improve our capital and liquidity management.

Business development: further develop investment management and wealth management businesses

Our investment management and wealth management businesses provide a steady revenue source without requiring a significant amount of our own capital. We plan to further develop these two areas as part of our effort to improve risk-adjusted returns.

For our investment management business, we intend to continue to focus on private equity, corporate annuities, quantitative products and passive products for which we have an excellent track record. We believe that our brand name and rich product offerings can help us attract clients. We also plan to accelerate the growth of our overseas asset management capability. Leveraging our brand name and client base, we plan to seek promising investment management partners for productive collaborations by providing them with an appealing platform.

For our wealth management business, we plan to (i) invest in attracting and cultivating more seasoned sales personnel to better serve our high-net-worth individual clients, (ii) selectively set up additional service outlets to more effectively reach potential clients, (iii) develop a diversified product portfolio that includes cross-border investment products, (iv) upgrade our IT infrastructure to improve the user experience and (v) enhance cooperation among our sales, research and asset management teams to improve efficiency and client service quality.

International platform: strengthen our cross-border capabilities

The market has witnessed increasing demands for cross-border products and services. In most of our business lines, we have identified significant cross-border opportunities. We plan to allocate resources to pursue such opportunities. Specifically, we will (i) improve our existing professionals' international expertise and increase the recruitment of talent globally, (ii) further build up our overseas IT systems and accelerate the integration of our global operation platform, (iii) improve our cooperation with overseas business partners with resources strategically important to us and (iv) enhance communication with domestic and foreign regulators to support our business expansion and execution.

BUSINESS

Technology and infrastructure: increase investment in IT infrastructure

Our IT systems are critical components of our business. The growth of our client base and the increasing volume, frequency and complexity of the transactions we handle impose additional challenges on our IT infrastructure and operations systems. A state-of-the-art IT system has become a key competency requirement for investment banks, especially in a time of rapid and continuous technology innovation.

Our goals are to (i) build a robust, scalable, and integrated IT platform to support our business operation with superior efficiency and security, (ii) improve our clients' user experience and (iii) effectively facilitate our system's risk management function. Building upon our strong in-house IT development capability, we plan to (i) strengthen our IT team by actively recruiting IT talents, (ii) upgrade our IT infrastructure and (iii) globally integrate our IT systems.

Talent and culture: attract, cultivate and retain talent and promote our unique culture

Our people are our core assets and our corporate culture bonds our people together. We will continue to invest in our people and attract, cultivate and retain talent. We will continue to promote our core values and maintain a spirit of partnership. We want our employees to share our success. To accomplish this, we plan to implement an effective equity incentive program subject to applicable laws and regulations. We will also strive to build a supportive working environment for our employees by providing career guidance, professional training and personal cares.

OUR BUSINESS

We provide a wide range of financial products and services to corporations, financial institutions, governmental entities and individuals. Our principal business lines include:

Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management
<ul style="list-style-type: none">• Equity financing• Debt and structured financing• Financial advisory• NEEQ services	<ul style="list-style-type: none">• Brokerage services• Capital-based intermediary services	<ul style="list-style-type: none">• Trading and principal investment• Product structuring• Fixed income distribution• Futures brokerage	<ul style="list-style-type: none">• Advisory services• Transactional services• Capital-based intermediary services• Product services	<ul style="list-style-type: none">• Asset management• Fund management• Private equity

BUSINESS

The following table sets forth the revenue and other income from each of our principal lines of business for the periods indicated. For more financial information related to each business line, see “Financial Information — Summary Segment Results.”

	For the year ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(unaudited)									
	(in millions of RMB, except percentages)									
Investment banking.....	1,254.8	30.6%	1,016.0	25.0%	1,682.9	27.3%	502.6	21.3%	997.5	20.4%
Equity sales and trading.....	1,079.6	26.3	1,207.3	29.7	1,663.0	27.0	615.7	26.1	1,485.3	30.4
FICC	916.9	22.4	700.7	17.2	1,295.9	21.1	684.2	29.0	995.2	20.4
Wealth management.....	449.3	11.0	607.7	15.0	841.3	13.7	314.2	13.3	899.9	18.4
Investment management.....	277.6	6.8	445.2	11.0	610.8	9.9	210.5	8.9	448.7	9.2
Others	120.8	2.9	87.9	2.2	61.9	1.0	31.8	1.3	54.4	1.1
Total revenue and other income.....	<u>4,099.1</u>	<u>100.0%</u>	<u>4,064.8</u>	<u>100.0%</u>	<u>6,155.8</u>	<u>100.0%</u>	<u>2,359.0</u>	<u>100.0%</u>	<u>4,881.0</u>	<u>100.0%</u>

Investment Banking

Overview

We have built the leading investment banking franchise in the PRC. We provide investment banking services, including equity financing, debt and structured financing and financial advisory as well as NEEQ services, to corporate clients in the PRC and overseas.

We have a high-quality and diverse investment banking client base. Since our establishment in 1995, we have focused on serving large companies who are leaders in key industries in the PRC including the telecommunications, energy, natural resources, power and utilities as well as financial institutions, providing them with comprehensive and tailored investment banking services. As of June 30, 2015, among the 92 PRC companies that ranked among the 2014 Fortune Global 500, 72 are our investment banking clients. We also have successfully expanded our business to serve companies with significant growth potential in various fast growing industries such as TMT, clean energy, healthcare and advanced manufacturing. Leveraging our industry-leading expertise, we provide these clients with one-stop investment banking solutions covering various stages of their growth in both domestic and overseas markets.

BUSINESS

We also have established long-term investment banking relationships with many highly regarded multinational companies. We provide them with innovative PRC-related products and services including RMB-denominated bonds and asset-backed securities as well as financial advisory services. Our overseas operations based in Hong Kong, New York, London and Singapore and our cross-border execution capabilities have made us the investment bank of choice for multinational companies looking to execute PRC-related transactions.

Our investment banking team seamlessly serves clients in both the domestic and overseas markets, as well as in cross-border transactions across multiple markets. As of June 30, 2015, we had a team of over 350 investment banking professionals, among whom over half had worked on both domestic and overseas transactions, and over 50 were licensed investment banking A share sponsor representatives.

Equity Financing

We provide equity financing services including IPOs and follow-on equity offerings on multiple boards and exchanges in both domestic and overseas capital markets. We receive underwriting fees generally based on a percentage of the amount of equity securities we underwrite.

We believe that the combination of our strong team, research prowess, effective sales force and innovation capability give us unique competitive advantages in meeting our clients' equity financing needs. We are the undisputed leader in the equity financing business. From 1995 to June 2015,

- we ranked No. 1 among all investment banks acting as lead underwriters for A share IPOs, with an aggregate offering amount of RMB664.6 billion, which represented 26.9% of the total proceeds raised in such offerings for the same period;
- we ranked No. 1 among all investment banks acting as a global coordinator for offshore IPOs of PRC-based companies, with an aggregate offering amount of US\$109.1 billion, which represented 29.3% of the total proceeds raised in such offerings for the same period; and
- we ranked No. 1 among all investment banks acting as bookrunners for the onshore and offshore equity offerings of PRC-based companies, with an aggregate offering amount of US\$312.9 billion, which represented 23.6% of the total offering amount of such offerings for the same period.

BUSINESS

The following table sets forth a breakdown by transaction type of the offering amount of the equity offerings in the PRC and overseas markets in which we acted as a lead underwriter or a bookrunner for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,	
	2012		2013		2014		2015	
	PRC	Overseas	PRC	Overseas	PRC	Overseas	PRC	Overseas
	(in millions of RMB)	(in millions of US\$)	(in millions of RMB)	(in millions of US\$)	(in millions of RMB)	(in millions of US\$)	(in millions of RMB)	(in millions of US\$)
IPO ⁽¹⁾	1,394.4	5,678.9	—	11,473.8	5,099.2	12,554.7	3,877.4	4,042.4
Follow-on equity offerings ⁽²⁾	39,180.2	1,433.8	41,694.9	1,950.7	19,576.6	2,692.8	13,116.9	6,801.3

(1) Includes A share IPOs in which we acted as a lead underwriter and overseas IPOs in which we acted as a bookrunner.

(2) Includes rights issues, public and private placements in which we acted as a bookrunner or a lead underwriter and excludes convertible bond offerings.

As of June 30, 2015, we acted as a lead underwriter in eight of the ten largest IPOs ever on the A share market as listed below:

Rank	Issuer	Year	Offering Amount
			(in billions of RMB)
1	Agricultural Bank of China Limited	2010	68.5
2	PetroChina Company Limited	2007	66.8
3	China Shenhua Energy Company Limited	2007	66.6
4	China Construction Bank Corporation	2007	58.1
5	China State Construction Engineering Corporation Limited	2009	50.2
6	Industrial and Commercial Bank of China Limited	2006	46.6
9	China Pacific Insurance (Group) Co., Ltd.	2007	30.0
10	China Life Insurance Company Limited	2007	28.3

BUSINESS

As of June 30, 2015, we acted as a lead underwriter or placing agent in five of the ten largest follow-on offerings ever on the A share market as listed below:

Rank	Issuance	Year	Offering Amount (in billions of RMB)
3	Private placement of Shanghai Pudong Development Bank Co., Ltd.	2010	39.5
4	Rights issues of Industrial and Commercial Bank of China Limited.	2010	33.7
6	Private placement of Bank of Communications Co., Ltd.	2012	29.8
7	Rights issue of China Merchants Bank Co., Ltd.	2013	27.5
9	Public follow-on offering of Baoshan Iron & Steel Co., Ltd.	2005	25.6

As of June 30, 2015, we acted as a joint global coordinator in six of the ten largest overseas IPOs of PRC-based companies ever as listed below:

Rank	Issuer	Year	Offering Amount (in billions of US\$)
2	Industrial and Commercial Bank of China Limited.	2006	16.1
3	Agricultural Bank of China Limited.	2010	12.0
5	China Construction Bank Corporation	2005	9.2
6	China United Network Communications Group Co., Ltd.	2000	5.7
8	China Telecom (Hong Kong) Ltd.	1997	4.2
9	China CITIC Bank Corporation Limited.	2007	4.2

We are also well-recognized for our ability to provide innovative equity financing solutions. We participated in high-profile equity transactions that were the first of their kind:

- **A+H IPOs:** we were one of the trailblazers in designing and implementing the A+H offering structure and we were the only investment bank that acted as a lead underwriter in all four A+H share concurrent IPOs, namely, the IPOs of Industrial and Commercial Bank of China Limited in 2006, China CITIC Bank Corporation Limited in 2007, Agricultural Bank of China Limited in 2010 and New China Life Insurance Company Limited in 2011;
- **A+H follow-on:** we served as the lead underwriter for China Southern Airlines Co., Ltd.'s A+H share concurrent private placement in 2009, which was the first ever A+H share concurrent private placement;
- **Over-allotment:** we served as the lead underwriter executing the exercise of the over-allotment option of Industrial and Commercial Bank of China Limited's A share IPO in 2006, which was the first use of the over-allotment option structure in the A share market;

BUSINESS

- **Book building:** we served as the lead underwriter in Huadian Power International Corporation Limited’s A share IPO in 2005, which was the first A share IPO to use the book building pricing mechanism; and
- **IPO with concurrent acquisition:** we served as the lead underwriter in TCL Corporation’s A share IPO and its concurrent merger with TCL Communication Technology Holdings Limited in 2004, which was the first ever A share IPO with a concurrent acquisition.

We have received numerous major awards in recognition of our equity financing business during the Track Record Period, including the “Best ECM House in China” from *Finance Asia* in 2014, the “Best Equity House in China Region” from *The Asset* in 2012 and 2014, the “Best Equity House in China” from *Asiamoney* in 2012 and 2014, and “China Equity House in Asia Region” from *IFR Asia* in 2012. We believe that the combination of our high-quality client base, broad industry coverage, international underwriting capability and innovation capability will continue to strengthen our market leading position and brand name.

Debt and Structured Financing

Our debt and structured financing business has consistently held a leading position in the PRC securities industry in terms of the amount of fixed-income products underwritten. As one of the first investment banks to obtain full-service licenses for underwriting fixed-income products in the PRC, we are able to underwrite a full range of fixed-income products including enterprise bonds, corporate bonds, preferred shares, convertible bonds, detachable convertible bonds, exchangeable bonds, short-term commercial papers, medium-term notes, financial bonds, subordinated bonds, offshore bonds, asset-backed securities and other structured products. We receive underwriting fees generally based on a percentage of the offering amount of fixed-income products.

We believe that our pricing capability and our ability to design innovative products have contributed significantly to the success of our fixed-income underwriting business. From 1995 to June 2015, we ranked No. 2 among all investment banks acting as lead underwriters in terms of aggregate offering amount of RMB2,592.6 billion of debt and structured financing transactions of PRC-based companies. The following table shows the breakdown by product type of our debt and structured financing offering amounts in the PRC for the periods indicated:

	For the year ended December 31,			For the six months ended
	2012	2013	2014	June 30, 2015
	(in millions of RMB)			
Financial bonds/subordinated bonds	271,900.0	51,000.0	182,600.0	19,000.0
Enterprise bonds/corporate bonds/medium-term notes	174,690.0	68,650.0	62,490.0	33,200.0
Structured products	—	5,366.4	38,975.8	6,881.0
Convertible bonds/exchangeable bonds.....	8,050.2	26,000.0	14,000.0	—
Preferred shares	—	—	55,000.0	70,000.0

BUSINESS

As of June 30, 2015, we were the lead underwriter in the largest offerings for many types of debt and structured financing products in the PRC in terms of the size of a single offering or registered quota as shown below:

Category	Year	Issuer	Amount
Largest publicly offered exchangeable bond	2014	Baosteel Group Corporation	RMB4.0 billion
Largest convertible bond issued by an insurance company	2013	Ping An Insurance (Group) Company of China, Ltd.	RMB26 billion
Largest registered quota of corporate bond	2013	Petrochina Company Limited	RMB40 billion
Largest registered quota of enterprise bond	2012	China National Petroleum Corporation	RMB80 billion
Largest financial bond	2012	Shanghai Pudong Development Bank Co., Ltd.	RMB30 billion
Largest subordinated bond offering by an insurance company	2011	China Life Insurance Company Limited	RMB30 billion
Largest offshore convertible bond offering by a PRC-based issuer	2010	China Unicom (Hong Kong) Limited	US\$1.8 billion
Largest subordinated bond offering by a commercial bank	2009	Agricultural Bank of China Limited	RMB50 billion
Largest detachable convertible bond	2008	China Petroleum & Chemical Corporation	RMB30 billion
Largest government-backed institutional bond	2007	The Ministry of Railways of the People's Republic of China	RMB45 billion

We believe that we have been a pioneer in fixed-income product and service innovations in the PRC. The following table sets forth the fixed-income offerings we lead-managed which were the first of their kind in the PRC:

Innovative Features	Year	Issuer	Amount
First core Tier-II capital securities	2015	China Life Insurance Company Limited	US\$1.3 billion
First publicly offered exchangeable bond	2014	Baosteel Group Corporation	RMB4.0 billion
First preferred stock issued in domestic market	2014	Agricultural Bank of China Limited	RMB40 billion
First preferred stock issued by a non-financial SOE	2015	China State Construction Engineering Corporation Limited	RMB15 billion
First perpetual medium-term note	2013	GD Power Development Co., Ltd.	RMB1.0 billion
First RMB-denominated bond issued in London	2012	China Construction Bank Corporation London Branch	RMB1.0 billion
First offshore RMB-denominated bond issued by a Red Chip SOE	2010	SINOTRUK (Hong Kong) Limited	RMB2.7 billion

BUSINESS

Innovative Features	Year	Issuer	Amount
First quasi-sovereign bond	2010	Central Huijin Investment Ltd.	RMB54 billion
First non-performing asset-backed securities	2006	China Cinda Asset Management Co., Ltd.	RMB4.8 billion
First residential mortgage-backed securities	2005	China Construction Bank Corporation	RMB3.0 billion
First enterprise asset-backed securities	2005	China United Network Communications Group Co., Ltd.	RMB9.5 billion
First Panda Bond	2005	International Finance Corporation	RMB1.1 billion

We assist our clients in accessing overseas debt markets. We also provide international bond investors with access to overseas bond offerings by PRC-based companies. We were one of the first investment banks in the PRC to participate in the dim sum bond market in Hong Kong. In 2010, we lead-managed the first RMB-denominated bond offering in Hong Kong issued by a Red Chip SOE, SINOTRUK (Hong Kong) Limited. In 2013, we lead-managed CNOOC Limited's US\$4 billion senior notes offering, the then-largest overseas bond offering by a PRC-based issuer. We have lead-managed offerings of RMB-denominated bonds and U.S. dollar-denominated bonds issued outside the PRC by PRC-based companies in a total amount of RMB29.1 billion and US\$16.5 billion, respectively, as of June 30, 2015.

We have won major awards in recognition of our leading position in the fixed-income products financing business, including the "Best Corporate Bond Underwriter" from *Securities Times* in 2013 and the "Best Debt Bank in Asia" from *Global Finance* in 2012.

Financial Advisory Services

We provide financial advisory services on various types of transactions, including but not limited to M&A, strategic alliance and corporate restructuring. We charge advisory fees based on the type, size and specific terms of the transactions.

From 1995 to June 2015, we ranked No. 1 among all investment banks advising PRC-related M&A transactions in terms of aggregate transaction amount of US\$393.4 billion. We consistently ranked among top two investment banks in advising PRC-based parties in PRC-related M&A transactions for each year from 2005 to 2014 in terms of transaction amount. In 2014, we advised on transactions with an aggregate transaction amount of US\$97.4 billion, a new record of transaction amount advised by an investment bank for a single year in the PRC M&A market.

BUSINESS

The following table sets forth the aggregate amount of M&A transactions on which we advised for each year from 2005 to 2014:

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Transaction amount (in millions of US\$).....	9,113.9	24,015.7	12,256.9	48,366.8	22,554.9	26,710.2	11,743.4	21,637.4	16,508.1	97,431.1
Ranking ⁽¹⁾	2	1	1	1	1	1	2	2	2	1

(1) Represents rankings as financial advisor to the PRC-based parties in PRC-related M&A transactions.

Our leading position in advising on PRC-related M&A transactions is built upon our high-quality and diverse client base, cross-border expertise, excellent integrated team and superior execution capability. These advantages enable us to capture the opportunities arising from evolving trends in the development of China's economy and the growth of PRC-based enterprises, including but not limited to asset injections into and IPOs of SOEs, restructurings and consolidations in various industries, overseas expansion of PRC-based enterprises, the emergence and growth of private sector companies and further reform of SOEs. Our financial advisory business has achieved global reach and extensive industry coverage evidenced by the numerous landmark PRC and cross-border M&A transactions that we have completed.

The following table sets forth the significant M&A transactions on which we have advised:

Year	Transaction	Deal Size	Industry	Significance and Awards
2015	Private placement by Zhejiang Ant Small and Micro Financial Services Group Co., Ltd.	Over RMB12.0 billion	Internet	The largest private placement by an Internet company globally
2015	Private placement by Sinopec Marketing Co., Ltd.	RMB105.0 billion	Oil and gas	The largest private placement globally
2015	Merger between CSR Corporation Limited and China CNR Corporation Limited	US\$60.6 billion	Manufacturing	The first share-swap merger between two companies dually listed on A- and H-share markets; the largest merger in the global manufacturing industry
2015	Taking private of Hunan Nonferrous Metals Holding Group Co. by China Minmetals Corporation	HK\$6.4 billion	Mining	The largest take-private transaction in the PRC nonferrous industry
2014	Strategic investment in PSA Peugeot Citroen by Dongfeng Motor Group Company Limited	EUR0.8 billion	Automobile	The second largest outbound M&A by a Chinese automaker
2013	Merger by Zhejiang Zheneng Electric Power Co., Ltd of Zhejiang Southeast Electric Power Co., Ltd	RMB5.9 billion	Power	First merger through swapping A shares for B shares in the PRC capital market
2013	Listing of Midea Group Co., Ltd. on the A share market through reverse takeover of GD Midea Holding Co., Ltd.	RMB30.6 billion	Consumer goods	The first listing by a nonpublic parent company through merger of a listed subsidiary; Best M&A Deal, <i>Securities Times</i> , 2014

BUSINESS

Year	Transaction	Deal Size	Industry	Significance and Awards
2013	Strategic alliance between China XD Electric Co., Ltd. and General Electric Company	RMB3.5 billion	Manufacturing	A landmark case of strategic alliance with an offshore partner
2012	Asset acquisitions and share-swap mergers by Henan Shuanghui Investment & Development Co., Ltd.	RMB24.7 billion	Food and beverage	The then largest restructuring transaction in the food and beverage sector of the A share market
2012	Acquisition of Shenzhen Development Bank Co., Ltd. by Ping An Insurance (Group) Company of China, Ltd. and the subsequent merger of Ping An Bank Co., Ltd by Shenzhen Development Bank Co., Ltd.	RMB55.0 billion in aggregate	Financial services	One of the largest M&A transactions in the PRC financial industry; Best M&A Deal, <i>Securities Times</i> , 2012
2010	Restructuring transaction conducted by Shanghai Pharmaceuticals Holding Co., Ltd.	RMB16.8 billion	Healthcare	The then largest restructuring transaction in the healthcare sector of the A share market; Best Innovative Deal, <i>Securities Times</i> , 2011
2008	Acquisition of 12% equity interest in Rio Tinto plc jointly by Aluminum Corporation of China and Alcoa Inc.	US\$14.1 billion	Mining	The largest outbound M&A by a Chinese mining company; Best China Deal, <i>FinanceAsia</i> , 2008; Deals of the Year, <i>CFO China</i> , 2008
2008	China Unicom Limited's merger of China Netcom Group Corp (Hong Kong) Ltd, sale of CDMA services to China Telecom Corporation Ltd; China United Telecommunications Corporation's sale of CDMA network to China Telecommunications Corporation	US\$22.8 billion	Telecommunication	One of the largest M&A transactions in the global telecommunication industry; M&A Deal of the Year, <i>Financial Times</i> , 2008; M&A Deal of the Year, <i>Mergermarket</i> , 2008
2008	China Oilfield Services Limited's takeover of Awilco Offshore ASA	NKR9.8 billion	Oil and gas	The largest outbound M&A by a Chinese oilfield services company; Deals of the Year, <i>CFO China</i> , 2008
2007	Sale of power generation assets by the State Electricity Regulatory Commission of PRC	RMB18.7 billion	Power	A landmark example of market-based sale of state-owned assets by the government
2006	Strategic alliance between Air China Limited and Cathay Pacific Airways Limited	US\$2.2 billion	Transportation	One of the most significant M&A transactions in the aviation industry in Asia; M&A Deal of the Year and Best Cross-border Deal, <i>FinanceAsia</i> , 2006; Best Cross-border Deal, <i>The Asset</i> , 2006

We have won major awards for our financial advisory services, including the “Best M&A in China” from *Global Finance* in 2012 and 2014. Our financial advisory services are important to our overall investment banking business, particularly with respect to generating cross-selling opportunities for our equity or debt financing business. We intend to take advantage of the synergies between M&A, financing and investment to facilitate our transition from a traditional financial advisor to a provider of both advisory and capital-based financing services as well as a deal maker for our clients.

BUSINESS

NEEQ Services

We help nonlisted SMEs meet their financing needs by recommending their quotations on the NEEQ and assisting them in further fund raising. We believe that our NEEQ recommendation business helps us build a pipeline of potential clients for our equity financing and M&A businesses. As of June 30, 2015, we served as the chief agency broker for the quotation of five companies on the NEEQ, four of which are currently among the top 10% of companies listed on the NEEQ in terms of annual profits. In April 2015, we recommended SynTheAll Pharmaceutical Co., Ltd. to be quoted on the NEEQ, which was the first NEEQ quotation of the domestic business of a U.S. listed company.

In August 2014, we obtained approval to engage in market-making on the NEEQ, and we have established a separate subdivision to conduct such business. As of June 30, 2015, we were market maker for eight NEEQ quoted companies. We believe market-making enhances market liquidity, facilitates price discovery, promotes market equilibrium. These help increase trading turnover for our brokerage services and generate revenues for us.

Equity Sales and Trading

Overview

We provide a wide range of equity sales and trading services to institutional investors, including financial institutions, corporations and governmental entities. Our equity sales and trading business primarily consists of:

- *Brokerage services:* we execute trades in stocks, funds, bonds and derivatives on behalf of our clients; and
- *Capital-based intermediary services:* we offer an increasing number of capital-based intermediary products and services, including prime broker, financial derivatives and market-making services.

Our equity sales and trading business has a large and high-quality institutional client base in the PRC as well as overseas, which we believe is unmatched among securities firms in the PRC. As of June 30, 2015, we had over 3,000 institutional clients consisting of QFIIs, RQFIIs, QDIIs, commercial banks, insurance companies, mutual funds, pension funds, sovereign funds, hedge funds, private equity funds, listed companies and national asset management companies, among which approximately 60% were overseas-based. As of the same date, among the global top 50 asset managers in terms of AUM as of December 31, 2014, 41 were our equity sales and trading clients.

We were one of the first PRC securities firms to serve QFIIs and RQFIIs and we believe we are uniquely positioned to capture their stock brokerage needs. We believe we have attained a leading position among all PRC securities firms in serving QFII and RQFII clients. As of June 30, 2015, 125 out of the total of 273 QFIIs and 44 out of the total of 132 RQFIIs, designated us as their brokerage firm.

BUSINESS

We have won numerous awards for our equity sales and trading business. We were named the “Best All-China Sales Team” and “Best All-China Trading Team” by *Institutional Investor* for three consecutive years from 2012 to 2014. We also received recognition as the “Best Local Brokerage”, the “Best Overall Sales Services” and the “Best Execution” from *Asiamoney* for nine consecutive years from 2006 to 2014.

Equity Sales and Trading in China

Brokerage Services

We provide brokerage services to sophisticated institutional investors based in or investing into the PRC. We provide a wide range of products, including stocks, cash bonds, bond repurchases, funds, ETFs, LOFs and other exchange-traded products on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, OTC markets and the NEEQ as well as the Hong Kong Stock Exchange. We receive commissions and fees from our clients based upon negotiated rates. In addition to executing trading orders, we provide other value-added services for our trading clients, including data analysis and investment advice guided by our strong research capability, extensive network coverage and deep understanding of capital markets. We also generate revenue by serving our clients in capital introduction, investment channel exploration and other areas.

Our high-end sophisticated investor client base is the foundation of our stock brokerage business. As of June 30, 2015, our stock brokerage business had approximately 1,700 clients primarily consisting of institutional investors in the PRC including all of the PRC’s top 50 mutual funds in terms of AUM and approximately 60% of the top 30 privately-raised investment fund managers that registered with the Asset Management Association of China in terms of the number of issued fund products. Our focus on sophisticated investors and our research and product-oriented approach enabled us to grow our stock brokerage business despite the intense price competition in brokerage services in the PRC market in recent years. Our three securities branches in Beijing (located at Jianguomenwai Avenue), Shanghai (located at Huaihai Zhong Road) and Shenzhen (located at Fuhuayi Road) have consistently ranked among the top brokerage branches of all PRC securities firms in terms of trading turnover. For six consecutive years from 2008 to 2013, our securities branches in Beijing (located at Jianguomenwai Avenue) and Shanghai (located at Huaihai Zhong Road) ranked among the top three brokerage branches of all PRC securities firms in terms of total trading turnover. The following table sets forth the trading turnover by product type for our brokerage services for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2012	2013	2014	2015
	(in billions of RMB)			
Stocks.....	603.0	767.2	1,010.6	1,419.0
Funds.....	24.7	18.3	49.5	79.1
Total	627.7	785.5	1,060.0	1,498.1

BUSINESS

A growing number of brokerage market participants are offering largely homogenous services, which puts downward pressure on commission rates. Our average securities brokerage commission rate for our brokerage services in the PRC in 2012, 2013 and 2014 and the six months ended June 30, 2015 was 0.108%, 0.106%, 0.092%, and 0.079%, respectively. We have been proactively exploring new methods of diversifying our stock brokerage business to mitigate this pressure by leveraging our advantages in client base, cross-selling capability, cross-border channels, trade execution across markets, product innovation, execution capabilities, program trading and research capabilities. For instance, since 2007, we have started offering A share block trade services. Benefiting from our strong client base and excellent trade execution capability, we believe we have maintained a leading position among PRC securities firms in this fast-growing segment.

Capital-based Intermediary Services

We are among the first securities firms in the PRC to obtain the pilot qualification for innovative services. We set up three separate business teams, namely, prime broker, financial derivatives and market-making to meet our clients' needs in areas of financing, risk mitigation and management, derivative products and gaining multiple-market exposure.

Prime Broker Services

Our prime broker services include margin financing and securities lending services, total return swaps, stock-based lending, asset custodians and hedge fund administration services.

We obtained qualification from the CSRC in November 2010 for the margin financing and securities lending business, and commenced such business in December 2010. We offer margin financing services to brokerage clients who wish to leverage their investments. We lend securities to our brokerage clients, enabling them to capture potential short-selling opportunities. As of June 30, 2015, the standard annualized interest rates we charged equity sales and trading clients for our margin financing services and for securities lending services were 8.6% and 10.6%, respectively, which varied within certain range in some transactions.

The following table sets forth a summary of the key operating and financial information of our margin financing and securities lending services to equity sales and trading clients:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Margin trading volume	2,470.8	5,822.9	9,280.0	9,692.4
Margin loan balance	312.6	538.8	672.4	1,194.1
Market value of securities lent	—	—	—	—

BUSINESS

We commenced our synthetic financing business with total return swap products in 2013. We enter into total return swap transactions with our qualified clients, through which we and a qualified client agree to conduct an income swap in accordance with the agreed notional principal amount and return rate within a fixed period in the future. The term of our total return swap transactions is mostly less than one year. The return of our clients under such swap is linked with the performance of the subject assets including stocks indexes and other securities. We charge our clients the pre-determined return rate based on a comprehensive assessment of several factors including the cost of capital, market liquidity, supply and demand of products and the risk return ratio. We bear risks including credit risk, liquidity risk, market risk and operational risk under such transactions during the terms of such transactions. See “—Risk Management — Management of Major Risks” and “—Internal Control Measures — Capital-based Intermediary Businesses — Total Return Swaps” for our internal control measures to manage our risk exposure under total return swap transactions. As of December 31, 2013 and 2014 and June 30, 2015, the notional amount of our total return swap was RMB1,155.9 million, RMB3,575.1 million and RMB4,630.2 million, respectively.

Our stock-based lending service provides an additional choice for the financing needs of our clients. Clients are able to obtain collateral loans by entering into a stock repurchase contract. Benefiting from our strong client base of sophisticated investors, we have large and steady demand for our stock-based lending service. As of June 30, 2015, the total balance of our stock-based lending transactions with institutional clients amounted to RMB176.9 million.

Financial Derivatives

We were among the first PRC securities firms licensed to conduct OTC derivatives business and we hold a leading position in this area. According to the SAC, we ranked No. 1 among all PRC securities firms in terms of the size of OTC derivatives business in 2014, with a market share of 41.96%. We believe our OTC derivatives business will further strengthen our first-mover advantage in the capital-based intermediary business. It is one of our strategic focuses to actively develop our derivatives business.

We provide a variety of financial derivatives products, including equity-linked notes, OTC options and other structured products. Our derivatives services are highly customized to meet each client’s individual needs. Leveraging our financial engineering expertise, we help our clients design sophisticated hedging strategies and trading programs to manage downside risk and minimize costs. We have built a strong reputation for designing hedging solutions for large domestic and international asset management firms. Depending on our clients’ return expectations and risk appetite, we offer tailored structured products and investment programs to improve their risk-return status and meet their asset allocation needs. We also provide our clients access to high margin opportunities in niche markets, such as exotic cross-border and cross-asset derivatives.

Market-making

We were among the first PRC securities firms qualified to offer market-making services for ETFs, and we also intend to expand our market-making business to include other equity-related exchange-traded products. Leveraging our dedicated professional trading and product teams and our

BUSINESS

innovative services for client facilitation and liquidity supply capabilities, we profit from the bid/ask spread while enhancing market liquidity, facilitating price discovery and promoting market equilibrium. Our market-making service also helps to increase trading turnover for our brokerage services business, which in turn helps to increase our revenues.

Overseas Equity Sales and Trading

We established an overseas subsidiary in Hong Kong in 1997, pioneering among PRC securities firm in having an overseas presence. As of June 30, 2015, we operate in four of the world's major financial hubs, namely, Hong Kong, New York, London and Singapore. Leveraging our research capability and in-depth understanding of the PRC, we have built a strong reputation in overseas markets as the "China expert."

The success of our overseas operations is built upon our vast client distribution network and the high quality client services provided by our professional team. As of June 30, 2015, our overseas equity sales and trading business had approximately 2,000 clients primarily consisting of institutional investors including mutual funds, pension funds, hedge funds and other institutions and corporations. Our international presence and the seamless collaboration between our domestic and overseas teams position us as a leader among all PRC-based competitors in both the agency brokerage business and structured products business. Our leading position is attributed to our highly dedicated and knowledgeable professionals, many of whom are the industry's top talents.

Brokerage Services

We provide brokerage services to our institutional clients globally through our overseas network. Leveraging our exceptional China capability, we provide our international clients with better access to the China market. Our agency brokerage business adopts a full-service model focusing on research, corporate access, execution and other value-added services, which allow us to leverage our strengths to drive better financial performance. In addition, we have built an established block trade business to assist our clients in accessing liquidity through our vast distribution network, which we believe will be an increasingly important part of the brokerage services business. In 2013 and 2014 and the six months ended June 30, 2015, the total deal size of block trades we completed in Hong Kong amounted to US\$740.8 million, US\$2,360.3 million and US\$9,184.8million, respectively.

Most of our overseas brokerage services business is derived from our trading of Hong Kong shares. In 2012, 2013 and 2014 and the six months ended June 30, 2015, our trading turnover of Hong Kong shares amounted to HK\$220.3 billion, HK\$247.1 billion, HK\$282.2 billion and HK\$197.1 billion, respectively. Our average securities brokerage commission rate in Hong Kong in 2012, 2013 and 2014 and the six months ended June 30, 2015 was 0.204%, 0.188%, 0.168% and 0.172%, respectively.

BUSINESS

Capital-based Intermediary Services

We provide capital-based intermediary services to our overseas clients, including margin financing and other equity finance and structured products. We provide tailored solutions and high-quality execution and settlement services to meet our clients' diversified needs and mandates. Drawing upon our international presence, we have achieved impressive success and growth in our equity finance and structured products business. With the relaxation of controls over capital accounts in the PRC, we intend to strengthen our capital-based intermediary services through an increased client base and product offerings.

We believe that our strength in cross-border products is key to the growth of our overseas capital-based intermediary services. Since the establishment of the Shanghai-Hong Kong Stock Connect, we have seen growing interest from our international clients in accessing the PRC market through this program and have been working to develop tailored solutions for these clients. Our clients increasingly demand more structured products to diversify their exposure and to manage their risks. We believe that the expected expansion of the Stock Connect program to include Shenzhen will further help us expand our overseas business. We plan to leverage our well-established and successful domestic capital-based intermediary services platform to expand our overseas capital-based intermediary services.

Our corporate culture of openness, entrepreneurship and spirit of partnership has contributed to our success. Such a corporate culture leads to close collaboration and effective communication between our domestic and overseas teams, which is necessary to efficiently manage cross-border product development. This collaboration also creates synergies that benefit both our clients and ourselves. Our culture distinguishes us from our PRC and overseas competitors in cross-border product offerings, which we believe is a major growth area in the future.

FICC

Overview

Our FICC business primarily consists of:

- *Trading and principal investment:* we engage in trading of financial products, including fixed-income, equities, currencies and commodities products, using our own capital, as well as for client facilitation purposes;
- *Product structuring:* we design and offer structured products and solutions to meet our clients' customized demands;
- *Fixed income distribution:* we price, syndicate and sell fixed-income products; and
- *Futures brokerage:* we conduct futures introducing brokerage business, and we acquired Fortune Futures, which provides futures brokerage services in the PRC, in August 2015. We also provide futures brokerage services through CICC HK Futures in Hong Kong.

BUSINESS

Our FICC business has a diverse and growing client base, the majority of which are located in the PRC. Our clients primarily consist of commercial banks, insurance companies, mutual funds, QFIIs, hedge funds, trust companies, asset management companies, finance companies and corporations. We have a dedicated sales team that focuses on maintaining our relationships with existing clients and developing new clients. We provide our clients with macro-economic, monetary policy and fixed-income research.

Trading and Principal Investment

We engage in trading of fixed-income, equities, currencies and commodities, as well as related derivatives products in the PRC on our own account to maintain and increase the value of our assets. The fixed-income products we trade include treasury bonds, PBOC bills, corporate bonds, enterprise bonds, interest rate swaps, dealer-quoted bond repurchases, trust products, ABS products and treasury bond futures. The equity products we trade include stocks, ETFs, LOFs and stock index futures. We are recognized for our trading capabilities. For example, we were one of the first PRC securities firms to obtain a license for RMB interest rate swap business. As of June 30, 2015, we were among the three securities firms eligible for market making on the PRC inter-bank market.

We started conducting overseas principal investment in 2007 in Hong Kong. We engage in principal investment in equities, bonds, interest rate products, foreign exchange products, commodities and other structured financial products and also provide client facilitation services in a majority of these products.

In 2012, 2013 and 2014 and the six months ended June 30, 2015, net gain from our principal investment activities was approximately RMB577.6 million, RMB242.8 million, RMB829.9 million and RMB736.4 million, respectively, daily average investment amount in our principal investment was RMB13,930.7 million, RMB12,316.6 million, RMB12,273.1 million and RMB13,659.1 million, respectively, and average return rate on principal investment was 4.1%, 2.0%, 6.8% and 10.8% (annualized), respectively. The average return rate on principal investment is calculated by dividing net gain from our principal investment activities by daily average investment amount of principal investment. The daily average investment amount of principal investment includes the external funding (such as proceeds from financial assets sold under repurchase agreements) that we used to enhance our return on principal investment.

BUSINESS

The following table sets forth the investment position for our principal investment activities by asset class and VaR of total investments as of the dates indicated:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Fixed-income	10,669.8	10,752.8	10,660.8	13,045.5
Equities ⁽¹⁾	1,174.9	139.9	300.3	650.3
Derivatives.....	<u>12.6</u>	<u>92.1</u>	<u>112.8</u>	<u>182.5</u>
Total	<u>11,857.4</u>	<u>10,984.7</u>	<u>11,073.9</u>	<u>13,878.3</u>
VaR of total investments (95%, one-day) ⁽²⁾	10.6	8.7	12.3	15.2

(1) As of December 31, 2012, 2013 and 2014 and June 30, 2015, our total investment position in equities included investment position in A share equity market amounting to RMB651.6 million, RMB64.9 million, RMB235.1 million and RMB529.1 million, respectively. As of August 31, 2015, our total investment position in equities was RMB607.4 million, including investment position in A share equity market amounting to RMB559.1 million.

(2) The one-day 95% VaR number used by us reflects the 95% probability that the daily loss will not exceed the reported VaR.

We have adopted a prudent value investment approach to achieve stable and absolute returns for our principal investment activities while rigorously managing risks. Our experienced professionals excel at formulating sophisticated trading strategies using multiple products across different markets. Drawing on our professionals' extensive expertise and trading experience, our principal investment business has achieved solid returns. We have strengthened our internal control measures and hedging activities to manage the risks in our principal investment business. See “—Internal Control Measures— Principal Investment.” With respect to investing our own funds in bond trading, we maintain strict control over our investment horizon, and most of our credit bond investments are short-term and mid-term bonds which mature within one to five years. To minimize credit risk, we invest principally in credit bonds that are rated “AAA” as well as treasury bonds and financial bonds. We are required to gradually reduce our investment positions to stop-loss when the year-to-date loss on our bond investments reaches stop-loss limit. In addition, we emphasize prudent operation and value investing in our equity trading and aim to achieve stable returns while minimizing risks. We have adopted stringent stop-loss procedures. We are required to gradually reduce our investment positions to stop-loss when the year-to-date loss on our equity investments reaches stop-loss limit.

Product Structuring

We design and offer structured products and solutions that are highly customized to meet each client's specific needs. Leveraging our research prowess, we help our clients design complex product portfolios and trading programs to hedge risks, achieve desired risk-return profiles and meet their asset allocation needs.

Fixed income Distribution

We price, syndicate and sell the fixed-income products that our investment banking team underwrites. See “— Investment Banking — Debt and Structured Financing.”

BUSINESS

Futures Brokerage

Beginning in May 2010, our securities branches began introducing potential clients to Fortune Futures.

To develop our futures brokerage business in the PRC, we acquired the entire equity interest in Fortune Futures in August 2015. Fortune Futures is a member of the China Financial Futures Exchange, the Shanghai Futures Exchange, the Dalian Commodity Exchange and the Zhengzhou Commodity Exchange and provides futures brokerage services covering all types of futures products available in the PRC, including financial futures products such as treasury bonds futures, stock index futures and commodities futures products. We believe that the acquisition of Fortune Futures will enable us to provide our clients with a more comprehensive suite of products and services. See “Our History and Corporate Structure — Acquisition after the Track Record Period” and “Financial Information — Acquisition after the Track Record Period” for further details of the acquisition of Fortune Futures. See also Note 57(a) of the Accountants’ Report in Appendix I to this prospectus for the historical financial information of Fortune Futures and Appendix II for the pro forma financial information in respect of the enlarged Group.

In addition, we provide futures brokerages services on the Hong Kong Futures Exchange through CICC HK Futures.

Wealth Management

Overview

We are a pioneer among PRC securities firms in developing an advice-driven service model for wealth management services and delivering tailored products and services to meet clients’ investment needs. Since early 2007, we have provided a wide range of wealth management products and services, including advisory services, transactional services, capital-based intermediary services and product services, to high-net-worth individuals, family offices and corporate clients.

Building on our premier “CICC” brand and our high quality services with stringent compliance standards, our wealth management services are well recognized in the PRC. Our wealth management business has won many awards including “Best Wealth Management Institution” by *Securities Times* for three consecutive years from 2013 to 2015. We were also named the “Best Wealth Management Service Brand” by *Securities Times* in 2012.

Clients

Our strategy to develop our wealth management business is to target the fast growing high-end wealth management market in the PRC. Our wealth management business has a large, high-quality and loyal client base consisting of high-net-worth individuals, family offices and corporate clients. The number of our wealth management clients grew from approximately 8,200 as of December 31, 2012 to approximately 13,800 as of December 31, 2014, representing a CAGR of 29.7%, and further

BUSINESS

increased to approximately 24,200 as of June 30, 2015. The total asset value in our clients' accounts with us grew from RMB108.4 billion as of December 31, 2012 to RMB216.0 billion as of December 31, 2014, representing a CAGR of 41.2%, and further grew to RMB360.2 billion as of June 30, 2015.

Products and Services

Advisory Services

We offer clients a variety of wealth management advisory services including investment education, research and trading strategies, asset allocation and risk management for both domestic and cross-border opportunities. Our offerings are designed to address our clients' diverse financial needs by providing tailored investment advice on a one-on-one basis. Leveraging the experience of our investment consultants and the expertise of our other business lines, we aim to develop each of our wealth management branches into one-stop solution providers.

Transactional Services

Our dedicated professionals provide prompt and efficient services to our clients for both domestic and cross-border transactions. Our transactional services cover all stocks, fixed-income products, options as well as futures and other derivatives available for trading on stock exchanges and in the OTC market. Leveraging our high-quality client base and professional team's execution capability in completing large and complex transactions, we also provide block trade and private placement services.

Capital-based Intermediary Services

We offer collateralized financing through our margin financing services to clients who wish to finance their securities purchases through leverage. We lend securities held in our own accounts to our clients through our securities lending services, enabling them to capture potential short-selling opportunities. As of June 30, 2015, the standard annualized interest rates we charged wealth management clients for our margin financing services and securities lending services were 8.6% and 10.6%, respectively, which varied within certain range in some transactions.

The following table sets forth a summary of the key operating and financial information of our margin financing and securities lending services to wealth management clients:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Margin trading volume	1,184.7	5,007.9	24,250.6	46,024.5
Margin loan balance	100.2	1,028.8	2,408.4	5,259.4
Market value of securities lent	—	—	0.2	0.4

BUSINESS

Our stock-based lending service provides additional optionality to our clients who have financing needs. As of June 30, 2015, the total balance of stock-based lending to our wealth management clients amounted to RMB581.2 million. We enter into total return swap transactions with our qualified clients, through which we and a qualified client agree to conduct an income swap in accordance with the agreed notional principal amount and return rate within a fixed period in the future. We provide our clients with a variety of financial derivatives products, including equity-linked notes, OTC options and other financial derivatives on exchanges and in the OTC market. We also advise our clients on portfolio construction and design customized trading programs to manage downside risk, minimize risk management cost and improve their risk-return status.

Product Services

To meet our clients' asset allocation needs and adapt to the wealth management market conditions, we offer one of the most comprehensive selections of our own and third-party financial products, including cash management, fixed-income, equity products, hedge fund, private equity and overseas products, and such financial products have various durations, including daily, monthly and quarterly products and products with longer duration. We have access to a wide variety of product sources through our network and close cooperation with mutual funds, trust companies, private equity fund managers and other asset management companies. Our dedicated wealth management product team follows a stringent process to source, screen and distribute financial products taking into consideration the risks, performance and advantages of the products. Together with our in-depth research and analysis covering numerous product markets, we are able to offer high-quality products to our clients. Based on our comprehensive selection of high-quality products, our investment consultants provide our clients with tailored products and services to meet their specific needs. In 2012, 2013 and 2014 and the six months ended June 30, 2015, the total sales amount of financial products sold through our wealth management business was RMB7,481.5 million, RMB10,034.9 million, RMB13,355.2 million and RMB10,846.3 million, respectively. We receive one-off sales commission when selling third-party financial products, and we share in the management fee with asset management companies.

Team and Networks

Our visionary and experienced management team leads our well-educated and experienced wealth management professionals. As of June 30, 2015, we had 250 professionals involved in investment consultancy, each with an average of six years of experience in the wealth management and financial related industries. We believe that our wealth management team has industry-leading execution capability. As of June 30, 2015, the average value of assets managed by our investment consultancy professional was RMB1,440.8 million per capita.

As of June 30, 2015, we provided wealth management services through our securities branches in 18 major PRC cities in China's most economically developed regions. The trading turnover of stocks and funds in the provinces where we had securities branches accounted for approximately 85.0% of the aggregate trading turnover of stocks and funds in the PRC in 2014. We also provide wealth management services in Hong Kong.

BUSINESS

Golden Net

We launched our Internet and mobile platform Golden Net in 2014 to efficiently cover the growing pool of retail investors by providing more comprehensive selection of products and more convenient real-time client service. Through Golden Net, we provide retail investors with standardized online services including account opening, transactions, product purchase and analysis reports. The number of clients using our Golden Net grew rapidly from approximately 6,200 as of December 31, 2014 to approximately 42,500 as of June 30, 2015. Our Golden Net platform breaks geographic limitation and has effectively supported the development of our business.

Investment Management

Our investment management business consists of:

- *Asset management*: we design and provide a wide range of asset management products and services for domestic and overseas investors;
- *Fund management*: we raise and manage mutual funds in China through CICC Fund Management and we also manage private equity funds of funds; and
- *Private equity*: we conduct private equity business and operate our RMB funds through CICC Jiacheng. We operate our USD funds through CICC Investment Group, a BVI incorporated wholly-owned subsidiary of CICC Hong Kong.

Asset Management

We provide asset management products and services for institutional and individual investors. We receive management fees based on a percentage of the amount of assets under our management and performance fees based on returns on the assets. As of June 30, 2015, we served approximately 8,200 asset management clients. As of December 31, 2012, 2013 and 2014 and June 30, 2015, our total AUM amounted to RMB36,060 million, RMB61,548 million, RMB86,993 million and RMB110,167 million, respectively.

Asset Management Services in the PRC

We focus on providing asset management products and services for institutional and high-net-worth clients in the PRC. Our institutional investors include enterprise annuity plans, the NSSF, insurance companies, commercial banks and finance companies. We provide the following asset management products and services for our clients.

Asset Management Services for Enterprise Annuity Plans

We believe we have developed strong expertise in investment management for enterprise annuity plans. In 2005, we were one of only two securities firms in the PRC that were qualified to serve as investment managers of the assets of enterprise annuity plans. As of June 30, 2015, we managed segregated investment accounts for 49 enterprise annuity plans, of which 16 were for companies

BUSINESS

ranked among the 2014 Fortune Global 500. The classes of assets which enterprise annuity plans under our management invest in primarily include fixed-income products, insurance products, money market instruments and equity investment products. In addition to managing segregated accounts, we design and act as investment manager of pension products for which enterprise annuity plans can subscribe. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the aggregate AUM of our segregated accounts of enterprise annuity plans and our pension products amounted to RMB22,366 million, RMB28,697 million, RMB40,738 million and RMB51,432 million, respectively. We plan to leverage the strong corporate client base of our investment banking business to further develop our asset management business for enterprise annuity plans.

Asset Management Services for Insurance Companies

We were one of the first securities firms that were qualified to serve as investment manager for insurance companies. We manage investment accounts of insurance companies and also offer insurance companies products that are suitable for their investment needs. The classes of assets which the segregate accounts of insurance companies under our management invest in primarily include fixed-income products, equity investment products, money market instruments and financial derivatives. As of December 31, 2014 and June 30, 2015, the aggregate AUM of our segregated accounts of insurance companies amounted to RMB380 million and RMB505 million, respectively.

Collective Asset Management Schemes

We design and manage collective asset management schemes of various risk and return profiles to suit the investment needs of different types of investors. As of June 30, 2015, we had 29 collective asset management schemes, including equity schemes, fixed-income schemes, equity and fixed-income blended schemes, index-based schemes and quantitative absolute return schemes. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the total AUM of our collective asset management schemes amounted to RMB1,964 million, RMB4,529 million, RMB7,515 million and RMB7,309 million, respectively.

Among our 29 collective asset management schemes as of June 30, 2015, 22 schemes require a general minimum subscription amount of RMB1.0 million per customer and can be subscribed by eligible high-net-worth investors. These 22 collective asset management schemes invested primarily in fixed-income products, equity investment products, money market instruments, derivatives instruments, bonds repurchases, specialized asset management schemes of securities firms, wealth management schemes of commercial banks and trust schemes. These schemes had a term ranging from one year to five years or had no fixed term. The aggregate AUM of these 22 collective asset management schemes amounted to RMB5,112 million as of June 30, 2015. We charge management fees at a rate of between 0.1% and 1.5% of the total AUM of these schemes and also charge performance fees for most of these schemes.

The other seven collective asset management schemes among the 29 collective asset management schemes as of June 30, 2015 had an AUM no less than RMB100 million for each scheme and usually required a minimum subscription amount of RMB50,000 per customer. These seven collective asset management schemes primarily invested in fixed-income products, equity investment products, money market instruments and securities repurchases. These schemes had a term ranging from five years to

BUSINESS

twenty years or had no fixed term. As of June 30, 2015, the total AUM of these seven collective asset management schemes amounted to RMB2,197 million. We charge management fees at a rate of between 0.6% and 1.5% of the total AUM of these schemes and also charge performance fees for some of these schemes.

Other Segregated Account Services

We manage segregated investment accounts and provide customized investment solutions for a variety of institutional clients, including the NSSF and large financing companies, as well as high-net-worth individuals. The classes of assets which the segregate accounts under our management invest in primarily fixed-income products, money market instruments, equity investment products and trust schemes. Based on our clients' investment needs, we also offer various types of asset management products, including structured products, asset-backed securitization products and stock based lending. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the aggregate AUM of our segregated accounts for institutional and individual clients (excluding the enterprise annuity plans and insurance companies and including those of our QDII, OFII and RQFII schemes) amounted to RMB11,729 million, RMB28,322 million, RMB38,359 million and RMB50,922 million, respectively.

Cross-border Asset Management Services

We have been proactively developing our cross-border asset management services and products primarily in the form of QDII, QFII and RQFII schemes to provide domestic and foreign investors with customized cross-border investment solutions.

In 2007, we were the first securities firm to obtain a license to manage QDII overseas investments. Through our subsidiary, CICC HK AM, we offer a variety of QFII and RQFII products and investment advisory services. Our cross-border asset management business targets institutional investors, including investment banks, commercial banks and asset management firms, as well as high-net-worth individuals. As of June 30, 2015, the aggregate approved investment quota for our QDII, QFII and RQFII schemes was US\$2,200 million, US\$300 million and RMB1,700 million, respectively. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the aggregate AUM of our QDII, QFII and RQFII products amounted to RMB2,442 million, RMB5,152 million, RMB11,725 million and RMB18,590 million, respectively.

Fund Management

Mutual Funds

We conduct our mutual fund management business through CICC Fund Management, a PRC fund manager established in February 2014 and wholly owned by us. We currently manage four mutual funds, including one debt fund, one equity fund, one money market fund and one quantitative fund, with a total AUM of RMB3,021 million as of June 30, 2015. In addition, we manage 20 segregated investment accounts for institutional clients and high-net-worth individuals, with a total AUM of RMB4,786 million as of June 30, 2015. We also serve as investment advisor for commercial banks and trust companies for their wealth management products. The total AUM of such services amounted to RMB4,443 million as of June 30, 2015.

BUSINESS

Fund of Private Equity Funds

We manage funds to invest in other private equity funds. We manage two funds that primarily invest in small- to medium-sized U.S. and European private equity funds.

Private Equity

We were one of the first two securities firms in China to obtain a direct investment license to conduct private equity business. In 2010, we received approval to raise and manage RMB private equity funds. We operate our RMB funds through CICC Jiacheng, one of our onshore wholly-owned subsidiaries. We operate our USD funds through CICC Investment Group, a BVI incorporated wholly-owned subsidiary of CICC Hong Kong.

Our highly recognized brand name, extensive transaction experience, comprehensive corporate resources, excellent synergy among our business lines and full-service capability make us an attractive investor for companies seeking private equity investment as well as a sought-after co-investment partner for other private equity firms.

We look to invest in companies that have fast growth, listing potential or significant value for trade sales. We typically take minority interests in our invested companies. We have built a diversified portfolio in a broad range of industries including healthcare, consumer, Internet finance, clean energy, advanced manufacturing and TMT. As of June 30, 2015, we had made private equity investments in 38 companies, ten of which had been successfully listed on stock exchanges. As of the same date, we had also exited from our investment in five of our portfolio companies through trade sales.

We have significantly grown our private equity business. The following table provides certain key information about our RMB funds and USD funds for the periods indicated:

	<u>As of and for the year ended December 31,</u>			<u>As of and for the six months ended June 30,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
RMB funds				
AUM by the end of the year				
(in millions of RMB).....	6,419	6,419	8,934	8,934
Number of investment projects in the year.....	4	1	4	5
Investment amount in the year				
(in millions of RMB).....	1,220	255	701	365

BUSINESS

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2012	2013	2014	2015
USD funds				
AUM by the end of the year (in millions of US\$)	1,322	1,360	1,156	1,171
Number of investment projects in the year	3	1	8	2
Investment amount in the year (in millions of US\$)	93	30	150	4

In 2014, to gain further exposure in the private equity field, we invested in two joint venture private equity fund management companies, CICC Qianhai and CICC Jiazi (Beijing) Investment Funds Management Co., Ltd., holding a 55% and 51% equity interest, respectively. We are also in the course of setting up other private equity platforms with a variety of investment strategies.

Research

Our research team carries out research and investment analysis on the fundamental aspects of macro-economy, equity products, fixed income products and commodities on a global basis, and provides research services to both domestic and international clients through our global platform. As of June 30, 2015, our research team consisted of over 100 experienced professionals, about half of whom possessed practice licenses for both domestic and overseas jurisdictions, and most of whom are capable of covering multiple markets. As of June 30, 2015, our research team covered over 40 industries with over 800 companies listed on stock exchanges in the PRC, Hong Kong, New York and Singapore, over two-thirds of which are covered by our research reports in both Chinese and English. As of June 30, 2015, companies covered by our research team accounted for 51% of the total market value of the PRC stock market and 79% of the total market value of the PRC-based enterprises listed on the Hong Kong stock market.

We are recognized by major domestic and international investors for the independence, objectivity and thoroughness of our research. We have built a reputation as the “China Expert” among our overseas clients based on our uniquely deep understanding of China’s macro-economy and industry trends.

We have won numerous awards in recognition of our research capability. We were honored as “No. 1 Overall Country Research” for China by *Asiamoney* for nine consecutive years from 2006 to 2014. We were also named the “No. 1 All-China Research Team” by *Institutional Investor* for three consecutive years from 2012 to 2014. In addition, we were named No. 1 in “Hong Kong H share Research” and various sections in China by *Asiamoney* in 2014.

BUSINESS

INFORMATION TECHNOLOGY

We believe that our IT systems are critical to our business operations and are a key contributor to our success and future growth. IT systems are the backbone of many aspects of our operations, including transaction processing, customer services, account management, risk management and financial management. We focus on developing our IT capabilities and possess a sound IT management infrastructure. We are continuing to make significant investments to improve our IT systems to enhance operational efficiency and risk management, as well as serve our overall business strategies.

We believe that we have strong in-house IT development capability. Many of the systems that are important for our core businesses have been developed in-house in response to our emerging business needs. We developed various platforms and systems to address the specific needs of our businesses, including (i) a comprehensive trading platform that can support the trading of all types of products available on the market, such as equity trading, ETF trading, margin financing and securities lending as well as options trading for our clients, (ii) a futures trading platform that can support the trading of all futures products on the three commodities futures exchanges and one financial futures exchange in the PRC, (iii) a trading platform for our proprietary derivatives trading, (iv) a comprehensive market database and (v) comprehensive client relationship management systems in our key business lines. As new products and services continue to emerge in China's securities industry, we believe that our extensive experience and strong capabilities in IT research and development make us well-positioned to compete effectively. In addition, to support our overseas operations, we have built local support and development teams in Hong Kong, New York, London and Singapore, and also assigned dedicated staff at our head office to collaborate with local teams to develop software and systems for our overseas operations, including a trading system for stocks of Hong Kong-listed companies. We plan to further enhance our IT systems' capabilities to process the trading of complex financial products and support our global business operations.

We have established a comprehensive monitoring and control system to ensure secure IT operations, primarily covering personnel management, computer room management, computer equipment and network management, transaction data management, software management, technical resources management, virus protection management, technological risk management and emergency disaster response management. We have adopted various IT security measures, including advanced firewall technologies, anti-virus systems and anti-spam measures as well as access permission and authorization, to provide a high level of information security. We developed a series of strict rules and procedures to clearly define the responsibilities among the IT technicians and standardize operational procedures. We conduct independent internal and external audits annually on our information technology to ensure the requisite rules and procedures are executed effectively.

MAJOR CLIENTS

We serve a diverse set of clients across a spectrum of sectors. Our major clients primarily consist of industry-leading corporations, institutional investors and high-net-worth individuals. Our clients are primarily located in China and Hong Kong, and we also serve overseas clients through our subsidiaries in New York, London and Singapore. We expect to serve more overseas clients as we further expand our overseas operations.

BUSINESS

During the Track Record Period, our revenue and other income attributable to our five largest clients accounted for less than 15% of our total revenue and other income.

We have no major suppliers due to the nature of our business.

COMPETITION

Competition in the securities industry in the PRC has been and is likely to remain intense. Our competition is based on a number of factors, including but not limited to transaction execution capability, capital and access to capital, products and services, pricing, risk management, reputation, and professional talent. Our main competitors include other securities firms, fund management companies and private equity firms in China. We also face competition from commercial banks, insurance companies, trust companies, online financial service providers and other companies offering financial or ancillary services. In addition, with the relaxation of licensing requirements in China's securities industry, more competitors are seeking to enter or expand in the market. Some of the financial institutions with which we compete are larger in terms of asset size and client base and have greater financial resources or more specialized capabilities than we do. Foreign financial institutions, some of which have greater experience and resources than we do, have been expanding their operations in China and will continue to compete with us in providing financial products and services, either by themselves or in partnership with other Chinese financial institutions. We also face competition in overseas financial markets as we expand our international operations.

We have experienced intense price competition in some of our businesses in recent years. The brokerage business in China is very competitive, which has resulted in considerable pressure on brokerage commissions. The increased popularity of alternative trading platforms, such as the Internet, has also contributed to the decline in commission rates. In addition, equity and debt underwriting discounts, as well as asset management fee rates, have also been under pressure. We believe that we will continue to experience competitive pressures in these and other areas in the future, as some of our competitors seek to win market share through price reduction.

We also face competition in attracting and retaining qualified employees. The competition among large securities firms for experienced analysts, qualified sponsor representatives, investment managers and other high-quality professionals is substantial. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

BUSINESS

EMPLOYEES

As of June 30, 2015, we had 2,040 employees. The following table sets forth the breakdown of our employees by business functions as of June 30, 2015.

	Number of employees	% of total
Investment banking	402	19.7%
Equity sales and trading	166	8.1
FICC	73	3.6
Wealth management	380	18.6
Investment management	207	10.1
Research	143	7.1
Middle and back offices	<u>669</u>	<u>32.8</u>
Total	<u>2,040</u>	<u>100.0%</u>

As of June 30, 2015, we had 1,743 employees based in the PRC and 297 employees based in Hong Kong, Singapore, the United States and the United Kingdom, representing 85.4% and 14.6% of our total employees, respectively. Approximately 95% and 57% of our employees hold a bachelor's and master's or above degree, respectively. In addition, approximately 40% of our employees and 65% of our managing directors have overseas education or working experience.

We believe that an outstanding and motivated talent pool is the foundation of our sustainable growth and we have made significant investment in human resources development. We recruit and cultivate talented professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive compensation structure, an effective performance evaluation system and long-term employee development schemes.

Consistent with market practice, our compensation structure consists of a base salary, which is determined based on the specific position, requirements of qualification and working experience and market demand, and a bonus based on the employee's performance. We provide our employees based in China with benefit plans required by PRC laws and regulations, including pension insurance, medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds, and we also provide supplementary medical insurance for our employees. A small portion of our supporting employees are contracted through third-party employment agencies and we pay salaries and statutory social welfare contribution for these employees. We provide our employees in overseas offices with benefits in compliance with local laws and regulations. We also plan to implement an equity incentive program for our employees subject to applicable laws and regulations.

BUSINESS

We believe that the sustainability of our growth depends on employee career development. We have adopted a comprehensive performance evaluation system to help our employees develop their careers that align with our growth. We also provide our employees with various training programs to improve their skills and competence, including orientation for new employees, professional skills training, qualification training, management skills training, and an executive development training program.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any labor strikes or other material labor disputes that affected our operations. We have retained a good relationship with our employees.

PROPERTIES

Our headquarters are located at the 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC.

Owned Properties in the PRC

As of the Latest Practicable Date, we owned one parcel of land with a site area of 44.02 sq.m. and one property with a GFA of 513.52 sq.m. in the PRC. Our owned properties are primarily used as offices of Fortune Futures.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or property since our property has a carrying amount of less than 15% of our consolidated total assets.

Leased Properties in the PRC

As of June 30, 2015, we leased 38 properties in the PRC with an aggregate leased area of 39,690.17 square meters. Our leased properties are primarily used for business operations and office purposes, with gross floor areas ranging from approximately 30 square meters to 7,984 square meters. As of June 30, 2015, our landlords did not provide certificates showing official ownership of four properties with a total gross floor area of 1,900.56 square meters, representing 4.79% of the aggregate gross floor area of our leased properties. Of these four properties, we will relocate to another address from one of these properties, which is with a gross floor area of approximately 57.6 square meters. For two properties with a total gross floor area of approximately 1,812.96 square meters, the landlords are in the process of applying for building ownership certificates. As to the other property with a gross floor area of approximately 30 square meters, the landlord has not applied for the building ownership

BUSINESS

certificate. Our Directors believe the title defects will not have any material adverse impact on our operations because of the limited size of these leased properties as compared with the total size of all the properties we use and the fact that these leased properties can easily be substituted by comparable premises.

Overseas Properties

We leased two properties with an aggregate gross floor area of approximately 3,993 square meters in Hong Kong. We leased one property in each of New York, London and Singapore, with a gross floor area of approximately 1,509 square meters, 1,292 square meters and 542 square meters, respectively. We use all of these properties as office space.

INSURANCE

We currently maintain property insurance coverage for our headquarters and branches. We currently have director and officer liability insurance policies for our directors, supervisors and officers. All of our policies are underwritten by reputable insurance companies and we review our insurance policies annually. We believe that our insurance coverage is adequate and standard compared to other investment banks based in China and Hong Kong.

RISK MANAGEMENT

Overview

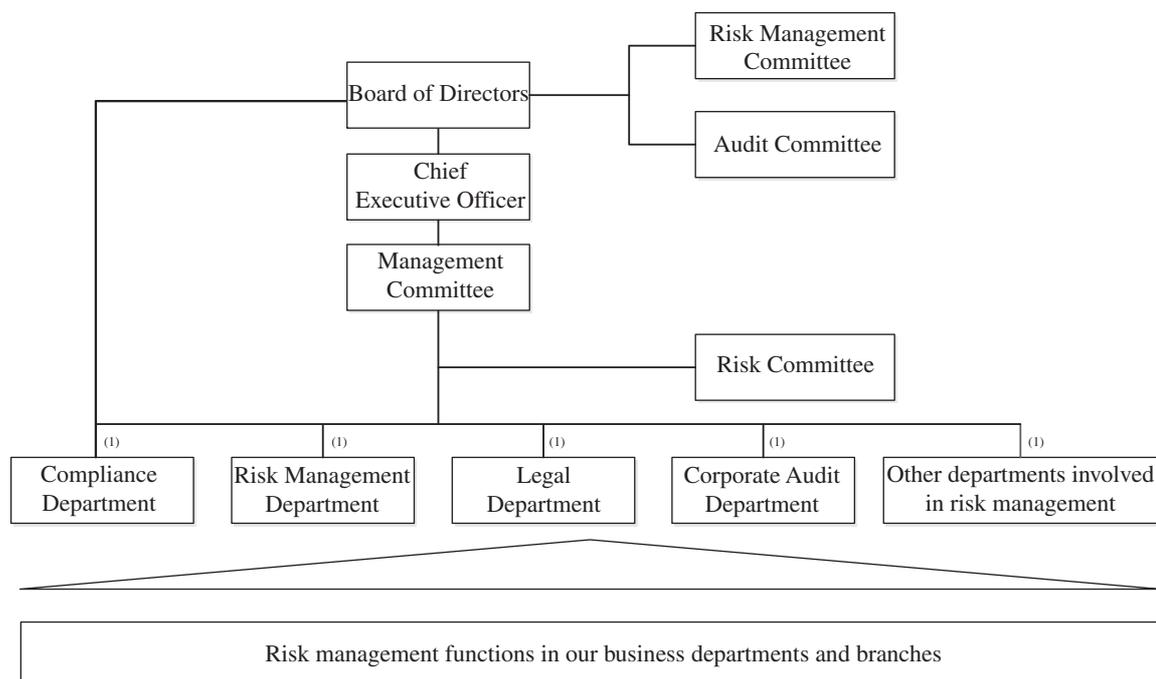
We believe that risk management creates value. Our risk management aims to allocate risk-based capital efficiently, limit risks to a controllable level, maximize our enterprise value, and solidify the foundation for our steady and sustainable development. We have sound corporate governance, effective risk management measures and strict internal control systems. As a result, we have received an “AA” regulatory rating from the CSRC (the highest rating given to PRC securities firms so far) for nine consecutive years since 2007 when the CSRC adopted the rating framework.

Governance Structure

We have established a four-level risk management structure: (i) the Board of Directors, (ii) senior management, (iii) departments in charge of risk management and other departments performing risk management functions and (iv) business departments and branches.

BUSINESS

The organizational structure of our risk management is illustrated below:



(1) The relevant departments report to specific members of the Management Committee according to their respective responsibilities.

Board of Directors

Our Board of Directors is the top level of our risk management and internal control governance structure. Our Board of Directors evaluates reports from the Management Committee regarding the risks in our business operations, and provides guidance on overall risk management. Our Board of Directors performs its risk management duties primarily through the Risk Management Committee and the Audit Committee.

Risk Management Committee

The Risk Management Committee is responsible for (i) deliberating on overall goals and basic policies for compliance management and risk management, (ii) establishment and duties of compliance management and risk management organizations, (iii) evaluating the risks of important decisions and mitigation measures for significant risks required to be approved by our Board of Directors, (iv) deliberating on compliance reports and risk assessment reports required to be approved by our Board of Directors and (v) other matters as authorized by the Board of Directors.

Audit Committee

The Audit Committee is responsible for (i) supervising annual audit work, assessing the truthfulness, accuracy and completeness of audited financial report information, and proposing motions to our Board of Directors for consideration, (ii) proposing engagement or replacement of external auditors, and supervising the work of the external auditors, (iii) communications between internal audit and external audit and (iv) other matters as authorized by the Board of Directors.

BUSINESS

Senior Management

Under our Board of Directors, we have established the Management Committee chaired by the Chief Executive Officer. The Management Committee determines our Company's risk appetite and strategy.

Risk Committee

Under the supervision of the Management Committee, the Risk Committee is responsible for (i) formulating and overseeing our risk management principles, policies and overall risk limits and (ii) monitoring capital levels and material market, credit, liquidity and operational risks. Our chief operating officer and chief risk officer are the chairman and executive chairman of the Risk Committee, respectively. Other members of the Risk Committee include (i) the Chief Financial Officer, (ii) the heads of the business departments of Equity Sales and Trading, FICC, Wealth Management, Investment Management, Investment Banking, and Capital Markets and (iii) the Chief Compliance Officer and the heads of the Legal Department, Operation Department, IT Department and Corporate Communication Department.

Chief Risk Officer

The Chief Risk Officer is responsible for (i) supervising the Risk Management Department and monitoring, evaluating and reporting our overall risk level; (ii) approving risk management policies regarding market risk, credit risk, liquidity risk and operational risk, and approving risk limits of various businesses, and (iii) reviewing material market, credit, liquidity and operational risks independently, and supervising risk management processes. For details of our Chief Risk Officer, see "Directors, Supervisors and Senior Management — Senior Management."

Departments in Charge of Risk Management

Risk Management Department

The Risk Management Department is responsible for (i) monitoring, evaluating and reporting market, credit, liquidity and operational risks in our business activities, (ii) implementing risk management policies and procedures, and (iii) conducting independent risk assessments and evaluations of our new businesses or products.

Compliance Department

The Compliance Department is responsible for (i) offering timely and independent advice on compliance matters and regulatory requirements to our senior management and business departments, (ii) continuously identifying, assessing and managing compliance risks, (iii) supervising, monitoring and reporting the overall compliance status of our Company and (iv) formulating our compliance policies and providing training to our employees to enhance their understanding of and compliance with applicable laws, regulations and guidelines and our internal policies.

BUSINESS

Legal Department

The Legal Department is responsible for managing the legal risks associated with our business operations and providing day-to-day legal support and advice to our firm management, business departments and middle and back offices.

Corporate Audit Department

The Corporate Audit Department reports directly to the Audit Committee of our Board of Directors and also to our Management Committee. The Corporate Audit Department is responsible for inspecting, evaluating and reporting on the adequacy of our internal control measures in order to achieve appropriate and effective resource allocation. The Corporate Audit Department conducts audits on our overall internal control environment, risk assessment measures, internal control measures, reporting and monitoring measures. In addition, the Corporate Audit Department also carries out relevant analysis, assessment, recommendation, advice and reporting with respect to audit matters.

Other Departments Involved in Risk Management

Other departments involved in risk management include the Operation Department, the Finance Department, the Treasury Department, the IT Department and the Human Resources Department. Their risk management responsibilities are as follows:

- The Operation Department is responsible for centralizing the management of operations-related matters and streamlining the clearing, settlement and reconciling process of business transactions.
- The Finance Department is responsible for our financial accounting and providing timely and accurate financial information to our management team, our shareholders and the regulatory authorities.
- The Treasury Department is responsible for our liquidity risk management and management of our assets and liabilities, capital, financing and cash flows. It carries out assets and liabilities allocation, pricing and monitoring, formulation and implementation of financing strategies, daily funding and cash management to maintain adequate liquidity reserve and ensure our compliance with regulatory requirements.
- The IT Department is responsible for the security of our IT systems and transaction and customer data, maintenance of computer facilities and enhancing our IT infrastructure to perform risk management functions for our national and overseas operations.
- The Human Resources Department is responsible for designing procedures and organizational structures to reduce human resources attrition risk and operational risk, formulating internal rules to regulate employees' activities and organizing trainings for employees.

BUSINESS

Risk Management Functions in Our Business Departments and Branches

All staff involved in business operations in our business departments and branches are required to perform risk management functions, including (i) complying with risk management policies and procedures in daily business operations, (ii) actively managing risks and ensuring risk exposures stay within limits and (iii) communicating effectively with risk management departments.

Management of Major Risks

We focus on monitoring and managing the market risk, credit risk, liquidity risk, operational risk, compliance risk and legal risk in our businesses.

Market risk..... Market risk refers to risks resulting from the fluctuations in market prices and volatilities of products, including equities, interest rate products, credit products, foreign exchanges and commodities.

We have adopted the following measures to manage market risk:

- diversifying exposures, controlling position sizes and using various derivative instruments to hedge risks;
- setting suitable market risk limits according to business nature, such as value at risk (VaR) limits, concentration limits, sensitivity limits and stop-loss limits; and
- identifying price fluctuations in equities, interest rates, credits, foreign exchange, commodities and other assets, and evaluating and reporting market risks based on various quantitative methods such as market value revaluation, VaR, risk sensitivities, stress tests and scenario analysis.

Credit risk Credit risk refers to the risk resulting from defaults or deterioration in creditworthiness of counterparties, borrowers and security issuers.

We have adopted the following measures to manage credit risk in our trading and investment activities:

- setting up investment criteria and limits on products and issuers;
- reviewing credit terms in agreements with counterparties; and
- monitoring our credit exposure to counterparties within established credit exposure limits.

BUSINESS

We have adopted the following measures to manage credit risk in our capital-based intermediary business, including margin financing and securities lending, repurchase agreements, stock-based lending transactions and total return swaps:

- approving counterparties, and assigning credit ratings and lending limits to counterparties;
- managing collateral (haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral coverage ratios; and
- establishing a mandatory liquidation policy.

Liquidity risk..... Liquidity risk refers to potential inability to fund debts or obligations due to asset-liability mismatches under severe economic or market conditions.

We have adopted the following methods to manage liquidity risk:

- conducting cash-flow forecasts and performing liquidity stress tests to meet regulatory requirements;
- managing the liquidity gaps between assets and liabilities by closely monitoring the balance sheets of our Company and our subsidiaries;
- setting liquidity limits pursuant to regulations and based on our Company's funding capability; and
- maintaining sufficient liquid assets to support normal business operations, and establishing a liquidity risk contingency plan to prepare for liquidity emergency.

Operational risk Operational risk refers to the risks resulting from inadequate internal controls or failed processes due to IT systems, human factors and external events.

We have adopted the following measures to manage operational risk:

- establishing a transparent organizational structure with a proper decision-making mechanism, and setting up comprehensive authorization procedures;
- implementing sound policies and procedures and enforcing checks and balances in our business process;
- establishing a new product approval policy to define roles and responsibilities for each department and specifying the approval procedures and conditions for new businesses; and

BUSINESS

- establishing comprehensive backup and recovery plans to ensure business continuity in the event of severe business disruptions, such as a systems breakdown.

Compliance risk..... Compliance risk refers to the risk of legal sanctions, regulatory actions, loss of property or damage to our reputation because of the violation of laws, regulations, industry standards or our internal rules arising from our operations and management activities or employee behavior.

We have adopted the following measures to manage compliance risk:

- We formulate and update our internal policies and procedures to keep abreast with changes in laws, regulations and industry norms.
- We conduct compliance reviews for new businesses. Our professional compliance team is responsible for examining new businesses, analyzing product structures and providing compliance advice. We implement effective compliance risk prevention and control measures at the early stage of new businesses.
- We control the circulation of sensitive information by monitoring information flows and establishing dynamic Chinese walls, with the aim to prevent insider trading risks and properly deal with conflicts of interest.
- We have established and are continually improving the internal control system for anti-money laundering to fulfill our responsibilities for client identification and classification of client risk level. We identify and analyze suspicious transactions and promptly report to the regulators where necessary.
- We undertake compliance reviews in accordance with applicable laws, regulations, other regulatory norms, self-regulatory rules, industry norms and our internal policies, to monitor the compliance of our business operations and employee activities and identify and prevent compliance risks in a proactive manner.
- We adopt various means to cultivate a compliance culture with each business line, functional department and branch and provide compliance training to our employees to improve our employees' compliance awareness.
- We have established an accountability system in respect of employees' violations of laws, regulations and internal policies to impose applicable punishments on offenders.

BUSINESS

Legal risk..... Legal risk refers to the possible risk of economic loss or damage to our reputation resulting from breach of contracts, infringement-related disputes, litigation or other legal disputes.

We manage, control and prevent legal risks mainly through the following measures:

- We are continually enhancing our internal policies and business procedures from the legal perspective to ensure that our operations and management satisfy the requirements of applicable laws and regulations.
- We formulate templates for various business contracts and require our business departments to use our in-house templates to the fullest extent. We review contracts drafted or provided by counterparties prior to entering into such contracts to mitigate the legal risk associated with performing such contracts.
- We have internal policies on the engagement of external attorneys in the ordinary course of our business or dealing with disputes and legal proceedings.
- Our legal department is responsible for (i) application, maintenance and protection of our trademarks, (ii) protection of our goodwill and trade secrets and (iii) taking actions against behavior that harms our reputation or interests.
- We conduct legal training to enhance our employees' legal awareness.
- We take active measures to mitigate legal risks when disputes and litigation arise.

BUSINESS

INTERNAL CONTROL MEASURES

We have implemented a series of risk management and internal control measures to manage the specific risks relating to our business activities.

Investment Banking

The key risks we monitor in our investment banking business include operational risk and compliance risk. We also manage the market risk related to our equity and debt financing business, as well as the credit risk and interest rate risk related to our debt financing business. We have adopted internal procedures to control and manage these risks throughout the different stages of our projects.

- Project approval • For a project that meets our criteria, a project approval application must be submitted to the Business Development Committee of our Investment Banking Department before we provide services to the client. The business development committee reviews the application and submits its opinion to the management team of our Investment Banking Department. The management team considers various factors, including risks, value of the project and conflicts of interest with other projects or clients, and determines whether to approve the project.
- Upon approval by the management team, the project team will be organized and cost budget management will be implemented.
 - After the project is approved, we have designated staff to manage related documentation and information to ensure confidentiality and completeness of relevant information.
- Project execution..... • Our project team conducts thorough due diligence in connection with each project in accordance with the regulations, rules and guidance of the CSRC and other securities regulatory authorities, including but not limited to review of due diligence materials, on-site visits, attending meetings and conducting interviews with issuers and their directors, senior management and employees.
- The Execution and Supervision Committee of our Investment Banking Department establishes the internal review group, which reviews project execution at the departmental level. For domestic projects, the internal review group of our Company will conduct further review and provide their opinion.
 - Our research professionals may only cross the “Chinese wall” between our research and investment banking departments after obtaining approvals from the responsible persons of the related departments and our Compliance Department.

BUSINESS

- Our marketing activities are performed by our Sales and Trading Department and our Wealth Management Department through the coordination conducted by our Capital Markets Department. Our research professionals may only assist in marketing activities upon approval and under the supervision of compliance officers in accordance with the relevant policies.
- Our Risk Management Department and Finance Department conduct stress tests on underwriting transactions to manage the underwriting risk.
- All securities underwriting transactions must obtain the approval of our Capital Commitment Committee before submitting listing applications to PRC and overseas regulatory authorities.
- The underwriting agreement can only be executed after being reviewed by our Legal Department.

Ongoing supervision

and guidance.....

- For the domestic equity transactions for which we act as sponsor, after the completion of the transactions, our project teams will maintain contact with the client and provide ongoing supervision and guidance to the client according to the relevant requirements of the CSRC.

Brokerage

The key risks that we face in our brokerage business include credit risk, operational risk and compliance risk. To manage these risks, we focus on investigating suspicious client data, unusual transactions and irregular conduct of our employees, and strengthening compliance awareness of our sales and trading staff in our brokerage branches. We manage the risks related to our brokerage business through the following measures:

- We verify the client's identity and make assessments based on the asset size, business operations, credit history, knowledge of capital markets and risk tolerance before opening an account. We open an account for a client upon executing all the required documents, including risk disclosure statements.
- We and our securities branches deposit clients' funds at qualified third-party custodian banks in accordance with regulatory requirements.
- We require our staff to maintain records of the transactions that we execute based on the clients' instructions.
- We have a centralized trading system used by all of our securities branches in China, through which all clients' transactions in China are cleared and settled at our head office.

BUSINESS

- We assess each client's risk profile based on various factors, including financial condition and income, knowledge of securities, experience in securities investments, risk preference and age. We also classify the level of risk of the products and services and offer suitable products and services to clients based on their needs and risk profiles.
- To enhance our clients' risk knowledge and their risk management capabilities, we provide our clients with investor education materials at our securities branch and also through our website and mobile text messages and keep updating such materials on a regular basis.
- We have a complaint handling system to properly deal with our clients' complaints and resolve disputes with our clients.
- We closely monitor unusual and irregular trading and movements of funds.
- We have established contingency and business continuity plans to respond to any emergency arising from various uncertainties including natural disasters, fire and power outages.
- Our Compliance Department and Corporate Audit Department conduct regular and special inspections and audits of our brokerage business.

Capital-based Intermediary Businesses

Margin Financing and Securities Lending

The key risks we monitor in our margin financing and securities lending business include credit risk, operational risk and compliance risk. We also actively manage the market risk and liquidity risk related to this business. We have established a real-time monitoring system to control the scale of our margin financing and securities lending business based on predetermined parameters benchmarking against our Net Capital. We seek to prevent our business from excessively concentrating on any single client or stock. In general, we conduct our margin financing and securities lending business in accordance with the following predetermined parameters:

- the scale of business from any single client of margin financing may not exceed 4% of our Net Capital (which is lower than the maximum of 5% required by the PRC regulatory authorities);
- the scale of business from any single client of securities lending may not exceed 4% of our Net Capital (which is lower than the maximum of 5% required by the PRC regulatory authorities); and
- the market value of any single stock collateral we receive from clients may not exceed 20% of such stock's total market capitalization (which is in compliance with the maximum of 20% required by the PRC regulatory authorities).

BUSINESS

We have established a stringent client selection and credit assessment system for our margin financing and securities lending business. Our branches are responsible for the preliminary review of the client's credit information in order to verify clients' identities and assets, and understand their investment experience and risk tolerance. The internal control staff of relevant business departments at our headquarters will conduct a second review and submit the client's information to our Risk Management Department and Compliance Department. The Compliance Department will review the eligibility of the clients based on regulatory requirements and the Risk Management Department will review the credit information of the clients. We will not accept applications for margin financing and securities lending from clients who fail to satisfy any of the following requirements: (i) having a continual trading record with any securities firm of more than six months, except professional institutional investors, (ii) not a shareholder or related party of our Company, (iii) having a daily average securities assets of more than RMB500,000 (such amount applicable as of the Latest Practicable Date, which is subject to change from time to time as required by the regulatory authorities) during the latest consecutive 20 trading days before the opening of the credit account except for professional institutional investors, (iv) in compliance with our proper management policies, (v) free of signification violation of law and regulation or breach of contract. We determine the credit rating for a client based on his credit information and decide the credit limit based on the credit rating and asset status. We monitor and assess the credit condition of clients engaging in margin financing and securities lending business on an ongoing basis. In case of any material change in client credit condition, we will re-evaluate such client's credit rating and decide whether to continue granting credit or to adjust the credit limit for the client.

For our margin financing and securities lending services, only eligible securities quoted on the Shenzhen Stock Exchange and the Shanghai Stock Exchange shall qualify as collateral. The collaterals from our margin financing and securities lending clients typically include stocks, bonds, ETF and LOF. The majority of our client's collaterals are stocks and bonds. We also hold the securities acquired from margin financing or the funds received from short selling by our clients as collateral. For each security that qualifies as collateral, we assess an individual discount rate that we apply to its market value when we determine the amount of margin loan to be granted. Such discount rates are capped by the relevant stock exchanges. The following table sets forth the applicable maximum discount rates as required by the Shanghai Stock Exchange and the Shenzhen Stock Exchange for various types of securities in our margin financing and securities lending business:

Type of securities	Discount rate
Treasury bonds.....	95%
ETF	90%
Non-treasury bonds	90%
Non-ETF listed securities investment funds and non-MOF bonds	80%
SSE 180 Index and SZSE 100 Index constituent stocks.....	75%
Non-ST stocks (excluding SSE 180 Index and SZSE 100 Index constituent stocks).....	65%
ST stocks	0%

BUSINESS

We monitor the collateral ratio of clients who conduct margin financing and securities lending on a real-time basis and liquidate the client's position when mandatory liquidation is triggered. The collateral ratio is calculated as the ratio of the client's total account balance, which includes cash and securities held, to the client's balance of margin loans and securities lent, which is the sum of margin loans extended, the securities sold short and any accrued interests and fees. The following table sets forth the market value of the collaterals and collateral ratio for our margin financing and securities lending business as of the dates indicated:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
Market value of collaterals (in millions of RMB)	1,622	4,341	9,569	19,074
Collateral ratio.....	385%	271%	309%	293%

As of the Latest Practicable Date, the collateral ratio of our margin financing and securities lending was 495% and assuming that the market prices of all the securities as collaterals for our margin financing and securities lending business decrease by 10% and 20%, respectively, the collateral ratio for our margin financing and securities lending business as of the Latest Practicable Date would be 448% and 406%, respectively.

We classify the clients' credit accounts into three categories, namely "safe," "alert," and "liquidation." When a client's account falls in the alert class (i.e. the client account has a collateral ratio below 145% but not lower than 130% upon day-end clearing), we will send the client an alert requesting him to replenish the collateral ratio to 150% or above within the following two trading days. When a client's account falls in the liquidation class (i.e. the client account has a collateral ratio lower than 130% upon day-end clearing), we will send the client a notice requesting him to increase the collateral ratio to 150% or above within the next trading day. The client's failure to increase collateral ratio to the required level will result in a mandatory liquidation of his trading positions.

In 2012, 2013 and 2014 and the six months ended June 30, 2015, we did not experience any material mandatory liquidation. The total amount of assets that were liquidated in our margin financing and securities lending business in 2012, 2013 and 2014 and the six months ended June 30, 2015 was RMB0 million, RMB0.4 million, RMB1.5 million and RMB2.3 million, respectively.

BUSINESS

We have established a comprehensive risk monitoring and control system for our margin financing and securities lending business. Our four-level risk control system includes:

Board of Directors The Board of Directors is responsible for determining the overall notional value of our margin financing and securities lending business based on our total capital and Net Capital in compliance with the relevant laws and regulations.

Senior management The Risk Committee under our Management Committee is responsible for proposing the policies and procedures for the margin financing and securities lending business to be approved by the Management Committee.

Departments in charge of risk management Among the departments in charge of risk management, the Risk Management Department is responsible for the daily risk management of the margin financing and securities lending business, including management of the credit investigation and credit-granting of our clients, setting the indicators of the margin financing and securities lending business, implementation of the replenishment of the collateral or the mandatory liquidation mechanisms, real-time monitoring of the clients' transactions, collateral management, analyzing and reporting risks associated with the margin financing and securities lending business. The Chief Risk Officer who is the head of the Risk Management Department approves the risk management policies and specific risk limits for margin financing and securities lending business within the scope authorized by the Risk Committee.

Business departments and branches The business departments and branches are responsible for (i) the implementation of policies and procedures of the margin financing and securities lending business which have been approved by our senior management, (ii) conducting preliminary reviews of clients' applications for margin financing and securities lending, (iii) coordinating with other departments to continuously manage and monitor the clients' transactions.

Securities-based Lending

We monitor and manage credit risk, market risk, operational risk and liquidity risk with respect to our securities-based lending transactions.

We have established a stringent client selection and credit assessment system. Our branches are responsible for the preliminary review of the client's credit information in order to know the client's basic information, financial conditions, securities investment experience, credit history and risk tolerance. The credit information of eligible clients will be reviewed by our relevant business departments at our headquarters and then be submitted to the Risk Management Department after passing the second review. The Risk Management Department determines the client's credit ratings and credit limits based on its evaluation.

BUSINESS

We analyze the stocks underlying the transactions to determine the loan-to-value ratios. We evaluate factors including the liquidity and price fluctuations of the stocks to be pledged, the term of the transaction, as well as clients' repayment ability and financing purposes.

After financing, we closely monitor our client accounts, the underlying stocks of the transactions and the use of funds to assess the ability and prospect of repayment from our clients in a timely manner, so as to effectively prevent and control credit risks. We monitor the collateral ratios on a real-time basis. The collateral ratio refers to the ratio of the market value of equity pledged by clients to the loans and accrued interests of the clients. As of June 30, 2015, the collateral ratio of our stock-based lending business was 565.1%. We set different thresholds of the collateral ratio for warnings and margin calls based on credit information and position of clients and the status of underlying stocks, and require the clients to whom we make margin calls to provide additional collaterals.

Total Return Swaps

We have set up risk management and internal control measures with regard to our total return swap transactions.

We have established client eligibility standards and credit investigation and credit-granting management system to examine the client's qualifications. Our Risk Management Department analyzes information about counterparties and classifies them into different categories based on their credit ratings. The factors we take into account include the industry which the counterparty belongs to, its major operational and financial information, management capabilities, risk control capabilities, shareholding structure and shareholder information, reputation and support from government authorities and the parent company.

We continuously monitor and evaluate the changes of the credit risks of counterparties. We manage the margin ratio by setting the collateral ratio. The collateral ratio is primarily related to the liquidity, concentration and volatility of the reference securities. We will require the counterparty to replenish his collateral or liquidate the position by himself when the collateral ratio is lower than the prescribed limits.

Sales of Third-party Financial Products

We distribute third-party financial products to clients in our wealth management business. In order to manage the risks associated with our agency sales of third-party financial products, we adopt the following internal control measures:

- we conduct preliminary evaluation, due diligence and risk assessment for third-party products. Our product risk control committee decides whether we will sell specific third-party products to our clients;
- we arrange training for our sales personnel and require them to understand the risks of the products and fully disclose the major risk characteristics to clients;

BUSINESS

- our sales personnel is required to analyze the client's identity, assets and income, financial knowledge, investment experience, investment expectations and risk tolerance, and assess the suitability of financial products for the clients before selling the products to determine suitable group of investors; and
- we collect feedback from clients to monitor improper sales of financial products and deal with such issues properly.

Principal Investment

The key risks we monitor for our principal investment activities include market risk, credit risk, liquidity risk, operational risk and compliance risk. We have established comprehensive internal policies to separate our trading and principal investment operations from our other businesses. We have a four-level risk management structure to manage the risks associated with our principal investment activities, which include (i) the Board of Directors, (ii) senior management, (iii) departments in charge of risk management and (iv) FICC Department.

Board of Directors The Board of Directors is the top level of our risk management and internal control governance structure.

Senior management The Management Committee determines our risk appetite and strategy, and sets our overall risk limits (including the total notional value and total VaR Limit) of our principal investment as authorized by the Board of Directors. The Management Committee has set up the Risk Committee. Prior to the establishment of our current Management Committee, our senior management, including the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, were responsible for determining our risk appetite and strategy, and setting our overall risk limits of our principal investment as authorized by the Board of Directors.

Departments in charge of risk management Departments in charge of risk management include the Risk Management Department, the Compliance Department, the Legal Department, the Corporate Audit Department and other departments involved in risk management. Our Chief Risk Officer who is the head of the Risk Management Department approves the risk management policies and specific risk limits for our principal investment activities within the scope authorized by our senior management. The Risk Management Department is responsible for (i) monitoring, assessing and reporting the market, credit, liquidity and operational risks in the principal investment activities, (ii) implementing risk management policies and procedures, and (iii) preparing daily risk reports, monitoring risk limits and the status, and sending notices to the FICC Department if any risk limit is above the prescribed level.

FICC Department The FICC Department conducts principal investment activities. All staff involved in business operations is required to perform risk management functions.

BUSINESS

To better control our risk exposure with respect to our principal investment activities, we have also implemented the following measures:

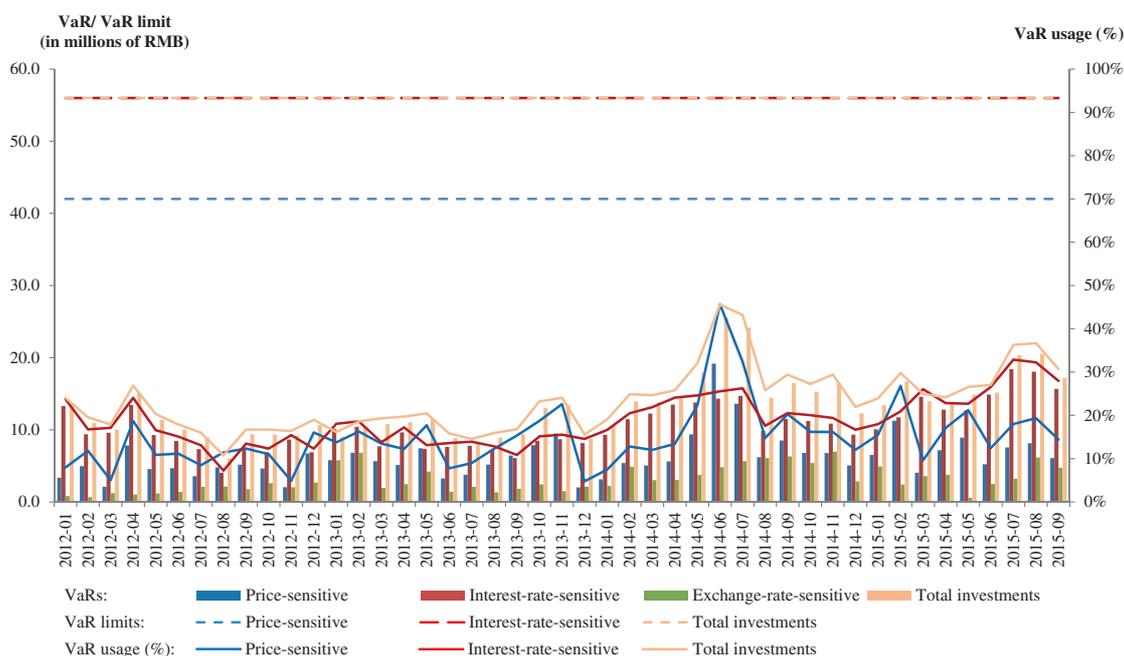
- with respect to our own funds, our Treasury Department strictly adheres to the trading limits set by the senior management when it allocates the internal funds to our FICC Department;
- we have established a monitoring and reporting system to monitor our trading activities on a daily basis. At the end of each trading day, the Risk Management Department notifies our FICC Department, other relevant departments and senior management of the usage of trading limits;
- our Risk Management Department prepares a written report containing a summary of our trading activities and the existing status on our trading limits and submits such report to the responsible business people on a daily basis to ensure that these indicators are within the prescribed limits, and periodically provides written and oral reports to our senior management;
- if there is any emergency or unexpected event which may cause significant risks to our principal investment activities, the trading desk must make ad hoc risk reports to our Chief Risk Officer;
- we set forth risk indicators to manage our trading limits based on our capital status, including VaR, basis point value, overall position limits, position limits on individual securities and sensitivity indicators;
- we set the warning thresholds of trading limit usage and authorize any excess over the trading limits through the following procedures:
 - o when the usage of risk limits approaches to or reaches 90%, the Risk Management Department issues risk warnings to the FICC Department; if the FICC Department believes any risk limit needs to be modified, it must submit an application to the Chief Risk Officer or his authorized person;
 - o when the FICC Department applies for adjusting any risk limit, the Chief Risk Officer will assess the risks based on our risk matrix which is designed based on various factors, including, but not limited to, asset type, maturity, credit rating and type of the issuer; the Chief Risk Officer can approve a temporary increase in the trading limit within the authorized scope if he concludes that the temporary increase in the trading limit would not materially affect other trading limits and the risk exposure would be under control based on his professional judgment on the overall market conditions (including monetary policies, interest rates, exchange rates and stock indexes); if the Chief Risk Officer concludes that the risk exposure is uncertain or the application involves significant risks, such application will be submitted to the senior management;

BUSINESS

- o if any specific trading limit is inadvertently breached, the FICC Department must report to the Chief Risk Officer immediately and explain the reasons for such excess exposure; if the Chief Risk Officer decides not to approve a temporary increase in the trading limit, the FICC Department is required to decrease the risk exposure under the trading limit on the earliest practicable day; and
- we use VaR to manage our trading limits and market risks associated with our principal investments activities. We have set the VaR limit for our total investment portfolio, investments in interest-rate-sensitive financial instruments and investments in price-sensitive financial instruments at RMB56 million, RMB56 million and RMB42 million, respectively. When the daily VaR approaches 90% of the VaR limit, our Risk Management Department will give a warning to the relevant business departments. To determine the VaR limit for our total investment portfolio, the Management Committee considers the diversification of different asset types of our investment portfolio and the risk of the investments in comparison with our capital. The Management Committee reviews the VaR limit for our total investment portfolio each year.

The chart below sets forth our VaRs and VaR limits by risk categories as of the end of each month during the Track Record Period and up to September 30, 2015.

Monthly VaR Chart



- (1) VaR usage is calculated by dividing VaR as of a particular date by the pre-determined VaR limit.
- (2) Because our exposure to exchange-rate-sensitive financial instruments is small, we haven't set forth a separate VaR limit for such financial instruments. Such exposure is taken into account in the VaR limit for our total investment portfolio and we compute the daily VaR for these financial instruments.

Furthermore, with respect to our investments in debt and equity securities and derivatives, we have implemented the following additional internal control measures.

BUSINESS

- *For Debt Securities:*
 - o we have set the limit on aggregate investment of debt securities not exceeding RMB15 billion; and
 - o we have set the limits on (i) the basis point value of aggregate investment of debt securities, (ii) ratings of credit bonds, and (iii) the basis point value of debt securities in terms of maturity.
- *For Equity Securities:*
 - o we have set the limits on our aggregate investment of equity securities, as well as on the net position and long/short positions of all types of equity securities;
 - o we have set a concentration limit on each component and non-component stock; and
 - o we have established a stop-loss mechanism.
- *For Derivatives:*
 - o the trading limits on equity derivative instruments and debt derivative instruments are included in the aggregate trading limits on our investments in equity and debt securities, respectively;
 - o the net position of interest rate swaps may not exceed the sum of face value of corporate bonds, enterprise bonds and financial bonds that we hold in our principal investment activities; and
 - o we set trading limits on the aggregate investments in each type of derivatives and on each type of derivative contracts.

In order to control price risk, we also engage in hedging activities through using stock index futures. As required by PRC regulations, the goals of our hedging strategy are (i) to neutralize the market risk of our long positions and to ensure that our risk exposure and loss do not exceed the predetermined limits, and (ii) to meet our quantitative trading need. By holding and adjusting stock index futures positions in opposite directions to the positions of securities held or to be held by us, we can effectively reduce volatility of our securities portfolio and enhance the stability and reliability of our principal investment activities. We also use treasury futures and stock index options to hedge the market risk of our investments.

In order to control our exchange risk exposure, our senior management has set an overall exchange risk exposure limit. The business departments monitor and manage their respective risk exposures to be within the prescribed limit and are required to enter into hedging arrangements, primarily in the form of foreign exchange forward arrangements, to eliminate any exposure beyond the prescribed limit. The Risk Management Department monitors the exchange risk exposure and the hedging arrangements on a daily basis to ensure our daily risk exposure within the prescribed limit.

BUSINESS

Asset Management

The investment committee for our asset management business is responsible for, among others, formulating investment decision-making procedures and the scope of authorization, reviewing and approving relevant asset allocation proposals, monitoring investment activities, and reviewing and approving the specific investments beyond the authority of investment managers. The internal control and risk management measures of our asset management business primarily include the following:

- Knowing the clients We conduct due diligence on the identity of our clients, their financial condition, securities investment experience, understanding of risk, risk tolerance and investment preferences. We stipulate the type or types of investment products, investment methodology, investment restrictions, liquidity restraints, and investment time frame in asset management agreements, and also outline all risks in risk disclosure statements.
- Managing accounts In accordance with regulatory requirements, we entrust client assets with qualified custodian institutions. We provide asset management services to our clients through designated accounts, each of which is separately booked and managed.
- Decision-making process..... The investment decision-making committee of our Asset Management Department is responsible for formulating asset allocation plans, pursuant to which the investment managers may build and manage investment portfolios.
- Managing the trading procedures We adopt a centralized transaction and unified management model for our asset management business. Trading orders are issued by an investment manager manually or through the trading system. The trading orders are submitted to the person in charge of trading after satisfying the compliance indicators within the trading system or obtaining the approval of the risk management staff. After they are approved by the person in charge of trading, the trading orders will be distributed to traders. The traders strictly follow such orders and report trading results to investment managers. Both the issuance and the execution of trading orders are recorded in the system.
- Clearing and accounting management The clearing staff reviews the settlement data through our trading system on a daily basis to ensure the accuracy of the clearing results of the trading system. The fund accountant evaluates the investments in each asset management account and conducts account checking with custodian banks on a daily basis.

BUSINESS

Risk disclosure.....	We require our client development personnel to understand the client's identity, assets and income status, securities investment experience, risk knowledge and tolerance, as well as investment preference. Based on the client's return expectation and risk tolerance, we will specify the investment assets classes, investment methods, investment restrictions, liquidity restrictions and time restrictions in the asset management contracts and disclose the risks associated with the asset management products to the client. The investment restrictions will be monitored by our system or dedicated risk management staff on a real-time basis to make sure the timely and accurate implementation of such restrictions.
Information disclosure....	<ul style="list-style-type: none">• For segregated investment accounts, we promptly and regularly provide clients with reports on asset allocation, holding of securities, the net value of the account and the appraised value of the entrusted assets.• For collective asset management schemes, we disclose to investors in the publicly available report the asset allocation, investment portfolio and net value of schemes. Such reports are reviewed by the custodians of the collective asset management schemes.• We disclose to our clients basic information about our asset management schemes, legal documents and subsequent amendments, net value of the scheme and periodic reports, in an accurate and timely manner and in the manner permitted by the CSRC, to assist clients in understanding asset characteristics, investment scope, investment restrictions, risks and returns and other aspects of asset management schemes and products, as well as their rights and obligations.
Risk Monitoring	We have established risk-monitoring mechanism to supervise and identify the irregularities and non-compliance incidents in trade execution and stop-loss. When any significant risk event is identified, the head and risk control group of our asset management business will report to the Risk Committee of our senior management.
Record management	Our Asset Management Department has designated personnel to maintain contracts, agreements and trading records.
Chinese wall	Our Asset Management Department is separated from other departments in respect of staff, finance, accounts, trading system and office space, and no communication may be made in respect of trading information.

BUSINESS

Private Equity Investment

We conduct equity investments and establish and manage private equity investment funds. We have established strict risk management and internal control systems based on relevant PRC laws and regulations and our general internal control policies. These measures include project approval, due diligence, transaction negotiation, investment decision-making, post-investment management and exit of investments.

- *Investment decision-making committee.* Each private equity fund is required to establish an investment decision-making committee that is responsible for (i) reviewing and approving new investment projects, (ii) approving the investment amount for each project, (iii) ensuring the project is in compliance with the risk management policies of the fund, (iv) managing potential conflicts of interest, and (v) reviewing the exit plan for the project.
- *Investment team.* The investment team is responsible for project selection and proposal, due diligence, project execution, post-investment management and implementing the exit plan. The investment team should conduct thorough due diligence on the investee company from business, financial and legal perspectives. The investment team must follow the investment amount and risk limits set forth by the investment decision-making committee and report to the investment decision-making committee the status of the investment.
- *Legal and compliance staff.* Legal and compliance staff are involved in an investment project to (i) assist the investment team in analyzing and solving the legal issues identified in the due diligence process, (ii) assist the investment team in reviewing the legal documents for the project, (iii) coordinate with external legal advisors and (iv) provide compliance advice.

Research

We have adopted centralized management of our research business and established a quality control system for research reports and related compliance management systems to prevent the dissemination of false or misleading information, noncompliant practices and conflicts of interest, among other risks.

The publication process of a research report is as follows: (i) analysts trace the development of macro-economy, industry and listed companies and conduct analysis; (ii) analysts prepare research reports, which are subject to approval by either the Investment Research Committee or designated quality control team, depending on the importance of the reports; research reports must also be submitted to the Compliance Department for compliance review; (iii) if there is no objection to the reports following compliance review, the approved research report will be published on the Research Report Publication System. No Research Department staff is allowed to provide clients with or disclose to clients the content of any research reports that have not been formally published.

BUSINESS

If analysts' wall-crossing needs arise, relevant departments must submit applications in accordance with our Chinese wall policies and obtain the necessary approvals. During the wall-crossing period in capital-raising transactions, our analysts will prepare investment value analysis reports in accordance with research guidelines provided by legal counsel and may not issue or distribute the research reports without permissions from the head of the Research Department and the Compliance Department.

The Research Department has a research service archive containing client service records and research reports, which have been recorded and archived in accordance with the record keeping requirements.

Overseas Business

CICC Hong Kong, our wholly owned subsidiary, is our overseas investment holding company incorporated in Hong Kong in April 1997. We conduct our overseas businesses in Hong Kong, New York, London and Singapore through six direct or indirect wholly owned subsidiaries of CICC Hong Kong, including (i) CICC HK Securities, (ii) CICC HK AM, (iii) CICC HK Futures, (iv) CICC US Securities, Inc., (v) China International Capital Corporation (Singapore) Pte. Limited, and (vi) China International Capital Corporation (UK) Limited.

Through an effective segregation of duties among the front, middle and back offices as well as checks and balances among various positions, each of our overseas subsidiaries has established clear procedures for operations, management and control and has also implemented risk control measures.

The key risks we monitor in our overseas businesses include market risk, credit risk, operational risk and compliance risk. We also manage the interest rate risk and liquidity risk related to our overseas operations. Our overseas subsidiaries have operating manuals for the business departments or groups to standardize risk monitoring and risk management procedures. The risk management and compliance departments monitor market, credit, operational and compliance risks of our overseas operations on a daily basis. We also supervise our overseas employees' business practices through various IT measures such as system monitoring and phone call recording.

New Products and Businesses

We have a comprehensive internal policy regarding the review and approval procedures of new products and businesses. We have established the New Product Support Committee and formulated policies for the new product approval process to manage and control our development of new products and businesses. The business department that applies for a new product or business must submit to the New Product Support Committee the information about the product or business, including the proposed risk management and internal control procedures for such product or business. The New Product Support Committee reviews and approves the application, taking into consideration the risks associated with such new product or business. After we launch the new product or business, the Legal Department, the Compliance Department and the Risk Management Department continuously monitor and control the risks relating to the new product or business and the Corporate Audit Department conducts independent inspection on the operations of the new product or business.

BUSINESS

Conflicts of Interest

As a securities firm with a diversified range of businesses, we inevitably face conflicts of interest. We recognize the importance of managing such conflicts of interest in protecting the interests of our clients and employees. Conflicts of interest may arise between (i) our various business units, (ii) our clients and us, (iii) our various clients, (iv) our employees and us or (v) our clients and our employees.

One of the fundamental objectives of Chinese walls is to manage conflicts of interest. We have adopted a series of measures and methods to manage conflicts of interest based on the principles of prudent management, prioritizing client interests and treating clients fairly. We adopt measures of information segregation to avoid conflicts of interest. If it becomes difficult to avoid conflicts of interest even with Chinese walls, such conflicts of interest must be disclosed to clients. If such conflicts of interest cannot be managed effectively through disclosure, we may adopt measures such as imposing restrictions on business activities. When we or our employees have a conflict of interest with any client, the client's interests prevail. When a conflict of interest arises between clients, we are required to treat our clients fairly.

In addition, we regularly issue compliance manuals, guidelines and reminders that contain rules and case studies on conflicts of interest issues of financial institutions. We require our employees to learn and comply with relevant regulations and our internal policies with respect to conflicts of interest, such as prioritizing client interests, treating clients fairly, preserving confidentiality, and complying with Chinese walls and employee trading policies. We also require our employees to timely disclose to the Compliance Department details of their outside business interests, as well as their activities that may conflict with the interests of our clients and the Company.

Chinese Walls

We have established information segregation systems (or Chinese walls) in line with regulatory requirements and best practices adopted by international financial institutions to prevent and reduce insider trading and other potential conflicts of interest by controlling the flow of material nonpublic information.

A Chinese wall is a barrier to protect material nonpublic information from being transmitted between, or being used by, businesses with conflicts of interest. It is intended to segregate the private side business units, such as departments of investment banking and capital markets, which continuously receive material nonpublic information, from public side business units, such as departments of FICC, asset management, equity sales and trading, wealth management and research, which do not continuously receive such information. We have developed and implemented the following policies and procedures to safeguard material nonpublic information and prevent improper trading:

- Our Chinese Wall Control Group, an independent functional unit in the Compliance Department, is responsible for enforcing and monitoring our Chinese wall policy, and formulating and interpreting our specific internal guidelines and procedures.

BUSINESS

- We use the “watch list” and “restricted list” to supplement our Chinese wall. We place a listed company on a watch list when we have access to sensitive information regarding such company. The watch list is mainly used to monitor the trading, research or other activities relating to the companies on the watch list to identify the leakage of sensitive information or the occurrence of improper trading. Employees who are in possession of material nonpublic information about the companies on our watch list may not trade or suggest that others trade on such information or disclose such information to any other persons. Once the relevant transaction becomes public, we may move the relevant listed companies on our watch list to our restricted list, which imposes restrictions on certain business activities and employee trading in accordance with applicable law and regulatory requirements and in order to prevent actual or perceived conflicts of interest. Our related business departments are usually restricted from making investments in, giving investment advisory advice on, or soliciting trades for any companies or securities on our restricted list.
- Our public side business departments and private side business departments operate in physically segregated offices and use separate computers, facsimile machines, printers and other office equipment;
- Investment value analysis reports in capital raising transactions are required to be prepared independently and its circulation should comply with research guidelines; and
- Above-the-wall personnel are obligated to maintain the confidentiality of the information acquired and should not disclose such information to other business departments or third parties.

The public side business departments that request access to the nonpublic information held by the investment banking department must submit a written application of wall crossing to the Chinese Wall Control Group for approval and such request should be made for the sole purpose of performing their duties and on a strict “need to know” basis. Personnel that are permitted to “cross the wall” are strictly prohibited from revealing any such nonpublic information to other personnel or third parties.

Segregation of Duties

To minimize the opportunity for fraud and improper trading, duties and functions within our various business departments are assigned to different teams of employees. We have adopted the following detailed rules:

- The business operations and decision-making of our departments for investment banking, equity sales and trading, FICC, wealth management, asset management and private equity businesses as well as research, operate independently from one another, and no employee may work for two or more business departments simultaneously.
- No employees in our supporting departments, including the IT Department, Human Resources Department, Finance Department, Treasury Department, Operation Department, Legal Department or Compliance Department may work in any of our business departments.

BUSINESS

- Our principal investment business and asset management business operate independently of each other and use separate trading desks and accounts.

Anti-Money Laundering

We are committed to establishing and implementing appropriate policies and procedures to prevent money laundering and terrorist financing and to ensure compliance with all relevant legal and regulatory requirements. Money laundering activities refer to various activities intended to hide or alter the illegal source of money, and terrorist financing refers to the financing of terrorists, terrorist activities and terrorist organizations. Our employees are required to conduct stringent identification verification for clients applying to open new accounts, and to review and archive their identification documents and transaction records. Furthermore, to manage the money laundering risk, we may restrict, suspend or terminate our business relationship with clients pursuant to anti-money laundering laws and regulations.

We have established an Anti-Money Laundering Leading Group to oversee our firm-wide anti-money laundering efforts. The Anti-Money Laundering Leading Group is chaired by a member of the Management Committee and consists of the heads of the several business departments, Compliance Department, Finance Department, Corporate Audit Department and Operation Department. Our Compliance Department is responsible for formulating, interpreting, and coordinating the implementation of our internal anti-money laundering policies and procedures.

We have formulated specific internal policies and procedures for the verification of clients' identities, identification of money-laundering risks, reporting suspicious activities and assisting with anti-money laundering investigations. Staff awareness of money laundering and terrorist financing risks is critical to our anti-money laundering efforts. We require our employees to undertake regular training programs on laws and regulations related to anti-money laundering and to take tests to evaluate the effectiveness of such training programs. We also require every employee to stay alert to any sign of possible money laundering activities and immediately report to the head of the relevant department and the Compliance Department.

We have never engaged in or knowingly assisted with any money laundering activities. During the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalties from regulatory authorities for violations of laws and regulations related to anti-money laundering. For risks associated with money laundering activities, see "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to fully detect money laundering and other illegal or improper activities in our business operations on a timely basis."

BUSINESS

LEGAL AND REGULATORY

Licensing Requirements

We conduct our securities business mainly in the PRC and Hong Kong and are primarily subject to the regulatory requirements of the PRC and Hong Kong. Our Directors and PRC legal advisors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC regulatory requirements and guidelines in all material respects and have obtained all material consents and licenses required for our operations in accordance with the PRC laws and regulations.

Certain of our Hong Kong subsidiaries are required to obtain licenses to conduct their businesses in Hong Kong under the licensing regime regulated by the SFC. See “Regulatory Environment — Hong Kong Regulatory Environment — Types of Regulated Activities” for details of the relevant licenses currently held by our subsidiaries in Hong Kong. In August 2015, the SFC granted the Exempt Principal Trader status to a number of our subsidiaries. See “Regulatory Environment — Hong Kong Regulatory Environment — Exempt Principal Trader (“EPT”) Status under the Takeovers Code” for details. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant Hong Kong regulatory requirements and guidelines in all material respects and have obtained the permits and licenses necessary for our operations in accordance with the laws and regulations of Hong Kong.

In addition to the PRC and Hong Kong, we also conduct our business in other jurisdictions including the United States, the United Kingdom and Singapore. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant regulatory requirements and guidelines in all material respects and obtained the permits and licenses necessary for our operations in accordance with the laws and regulations of those jurisdictions where we operate. As of the Latest Practicable Date, our following subsidiaries obtained licenses, memberships or other qualifications to carry out certain regulated activities in the following jurisdictions:

Group Companies	Licenses/Memberships/Other Qualifications
<i>United States</i>	
CICC US Securities, Inc.	Registered with the United States Securities and Exchange Commission as a broker-dealer A member of the United States Financial Industry Regulatory Authority Registered with the United States Commodity Futures Trading Commission as an introducing broker A member of the National Futures Association of the United States

BUSINESS

<u>Group Companies</u>	<u>Licenses/Memberships/Other Qualifications</u>
<i>United Kingdom</i>	
China International Capital Corporation (UK) Limited	Authorized and regulated by the Financial Conduct Authority of the United Kingdom to conduct the following activities: (1) advising on investments (except on Pension Transfers and Pension Opt Outs); (2) agreeing to carry on a regulated activity; (3) arranging (bring about) deals in investments; (4) dealing in investments as agent; (5) dealing in investments as principal; and (6) making arrangements with a view to transactions in investments
<i>Singapore</i>	
China International Capital Corporation (Singapore) Pte. Limited	Capital Markets Services License issued by the Monetary Authority of Singapore to conduct the following activities: (1) dealing in securities; (2) advising on corporate finance; and (3) providing custodial services for securities Accredited by the Singapore Exchange Limited to act as an issue manager for IPO submissions to the Singapore Exchange

Legal Proceedings

We are a party to a number of legal proceedings arising in the ordinary course of our business. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no legal proceeding pending or threatened against us or our Directors that could, individually or in the aggregate, have a material effect on our business financial condition or results of operations.

Regulatory Matters

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in the PRC, Hong Kong and other jurisdictions where we operate, including but not limited to the CSRC, the SAC, the PBOC, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange, the SFC, the Monetary Authority of Singapore, the Financial Conduct Authority of the United Kingdom and the Financial Industry Regulatory Authority of the United States. Our Directors confirm that, except as disclosed below, we complied with the relevant regulatory requirements and guidelines in all material respects in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date.

The regulatory measures that the CSRC and its local branches may impose on securities firms for noncompliance incidents primarily include (i) issuing warning letters, (ii) issuing orders which require the securities firms to make public explanations, attend training, submit reports or increase the

BUSINESS

frequency of internal compliance inspections, (iii) issuing public censures, (iv) restricting certain types of businesses, (v) refusing to accept and process administrative licensing applications within a specific period, and (vi) suspending approval for new businesses or for establishing or acquiring securities branches.

During the Track Record Period and up to the Latest Practicable Date, we or our employees were involved in regulatory noncompliance incidents and received warning letters from the CSRC. The following table sets forth the details of these regulatory noncompliance incidents.

Noncompliance incidents	Our primary remedial measures
<p>On May 30, 2014, the CSRC issued a warning letter to us, stating that we had conducted improper publicity activities during the underwriting process for the IPO of Jiangsu Aosaikang Pharmaceutical Co., Ltd. (江蘇奧賽康藥業股份有限公司), which interfered with investors' price quoting and subscription process. On July 16, 2014, the SAC issued a warning letter to us on the same noncompliance incident.</p>	<p>This non-compliance incident happened because our deal team on this project did not closely follow the regulatory requirements on publicity activities during the deal execution process.</p> <p>After the CSRC's inspection and issuance of the warning letter, we implemented the following remedial measures to prevent the reoccurrence of similar noncompliance incidents:</p> <ul style="list-style-type: none">• Our senior management circulated a firm-wide notice that reiterated our principles of strictly complying with laws and regulations in our business operations and required all of our staff to follow such principles during business activities.• Our Investment Banking Department requested its staff to not engage in any improper publicity activities and strictly comply with such requirements in future securities offering transactions. The Investment Banking Department also emphasized that the project teams should perform the disclosure obligations of the underwriting syndicate members in a timely manner.• Our Compliance Department issued a compliance guidance on our A share IPO underwriting business to the departments involved in the underwriting activities, which required these departments to conduct underwriting activities in compliance with relevant laws, regulations, self-regulatory rules and our internal rules. For each subsequent project, our internal compliance counsel will circulate a notice to the project team to strictly comply with requirements and rules of the CSRC and industry associations as well as our internal compliance guidance in each stage of securities offering transactions, including the roadshow and pricing process.

BUSINESS

Noncompliance incidents

In February 2015, the Hubei Bureau of the CSRC conducted an onsite inspection of our margin financing and securities lending, repurchase agreement transactions, stock-based lending, and total return swap business covering the period from January 1, 2014 to January 31, 2015. On April 2, 2015, the CSRC issued a warning letter to us identifying certain issues in our margin financing and securities lending business, stating (i) providing margin financing and securities lending services to certain clients who had a continual trading record with us of less than six months, and (ii) extending the contractual term of margin financing and securities lending contracts after the expiration of the maximum contractual period.⁽¹⁾

Our primary remedial measures

This non-compliance incident was due to (i) our inaccurate understanding of the regulatory requirements on the starting date from which clients are eligible to conduct margin financing and securities lending with us; and (ii) our failure to strictly monitor the extension of contractual term of margin financing and securities lending contracts after the expiration of the maximum contractual period.

After the inspection, we examined and refined our system and procedures to strengthen our internal controls for the securities lending and margin financing business. We have implemented a series of remedial measures to prevent the re-occurrence of similar activities, including:

- Our Compliance Department amended our internal compliance guidance on our margin financing and securities lending business by clearly forbidding the provision of margin financing and securities lending services to clients who have a securities trading history with us of less than six months.
- Our sales personnel are required to verify in our system the date of the first transaction executed by a client before opening a margin financing and securities lending account for such client. Our Compliance Department reviews the process of opening a margin financing and securities lending account.
- We clarified in our internal guidance that the Risk Management Department will be responsible for initiating the liquidation of the client's open position if the term of a margin financing and securities lending contract expires and the client fails to repay the borrowed funds and/or securities. Such liquidation will be carried out on the next trading day and our sales personnel will inform the client of such liquidation.

(1) We were issued the warning letter by the CSRC and took remedial measures pursuant to the Administrative Measures on Margin Financing and Securities Lending of the Securities Companies (the "Administrative Measures"), which were effective before July 1, 2015. The CSRC amended and implemented the Administrative Measures on July 1, 2015. The amended Administrative Measures allow securities companies to provide margin financing and securities lending services to clients who have a continual trading record with any securities company of more than six months, and permit securities companies to negotiate with clients regarding the renewal of the margin financing and securities lending contracts. The current practices of our margin financing and securities lending business comply with the requirements under the amended Administrative Measures.

BUSINESS

Our Directors and Haiwen & Partners, our PRC legal advisors, are of the view that the above regulatory noncompliance incidents will not have any material adverse impact on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors was involved in any material administrative violations, proceedings or penalties. Based on (i) there being no material adverse impact of the noncompliance incidents on our business, financial position or results of operation and (ii) the internal control measures we have adopted, our Directors are of the view that (1) we have adequate and effective internal controls and the enhanced internal control measures are adequate and effective in preventing reoccurrence of similar noncompliance incidents in the future, (2) it is unnecessary to make any provision for these noncompliance incidents and (3) such incidents do not affect the suitability of our Directors and our suitability for listing. After making reasonable inquiries to us about the noncompliance incidents and our remedial measures, there is nothing that has caused the Joint Sponsors to disagree with our view.

Our Directors confirm that, except as disclosed above, there were no other material incidents of regulatory noncompliance committed by us or our employees in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date.

Regulatory Inspections and Other Findings

The regulatory authorities in the PRC, such as the CSRC, the PBOC, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the SAC, as well as the regulatory authorities in other jurisdictions where we operate, including but not limited to the SFC, the Hong Kong Stock Exchange, the Monetary Authority of Singapore, the Financial Conduct Authority of the United Kingdom and the Financial Industry Regulatory Authority of the United States, carry out periodic or ad hoc inspections, examinations and inquiries in respect to our compliance with the laws, regulations, guidelines and regulatory requirements applicable to us and our business.

During the Track Record Period and up to the Latest Practicable Date, the CSRC and its local offices and bureaus carried out routine or ad hoc inspections of our Group covering, among other things, our risk management and internal controls, corporate governance, accounting management and business-line-specific areas, including our investment banking, securities brokerage (including the practice and management of our brokerage branches), asset management, principal investment, margin financing and securities lending businesses. The PBOC and its branches conducted on-site inspections of our anti-money laundering practices.

During the Track Record Period and up to the Latest Practicable Date, the SFC carried out inspections of the operations of some of our subsidiaries in Hong Kong that are licensed with the SFC, namely CICC HK AM and CICC HK Securities. In its inspection of the operations of CICC HK AM, the SFC made recommendation on improvement in the following areas: (i) verification of the prices used for the valuation of investment holdings in a particular fund and (ii) carrying out independent risk management and investment compliance monitoring for another fund under management. For approximately one month in 2013, CICC HK AM breached the key personnel requirement under the Code on Unit Trusts and Mutual Funds.

BUSINESS

In its inspection of the operations of CICC HK Securities with a specific focus on licensing related matters relevant to CICC HK Securities' conduct of sponsor and corporate finance advisory work, the SFC identified certain deficiencies with respect to the controls and procedures over such matters. Apart from the deficiencies identified during the inspection, the SFC has separately made recommendation on improvement in the following areas: (i) meeting the prior notice requirement on drawdown of subordinated loan and (ii) verification of client's fund withdrawal instructions.

CICC HK AM and CICC HK Securities took prompt action to make the required improvement and the SFC did not raise any further query or take any further action with respect to these matters.

None of these inspections resulted in any enforcement action taken by the relevant regulatory authorities against us. We have been taking measures to enhance and improve our risk management and internal control systems.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS WITH GIC AND ITS ASSOCIATES

Following the Listing, our Group may continue to engage in certain transactions with GIC and its associates. GIC will be a substantial shareholder and therefore a connected person of our Company after the Listing under the Listing Rules. On this basis, transactions between our Group and GIC (or its associates) will constitute connected transactions of our Company under Chapter 14A of the Listing Rules and will be subject to reporting, annual review, announcement and/or independent shareholders' approval requirements under the Listing Rules unless any exemption or waiver is available.

Fully exempt continuing connected transactions with associates of GIC

Under Rules 14A.99 and 14A.100 of the Listing Rules, transactions of a revenue nature in the ordinary and usual course of business of our Group conducted on normal commercial terms or better with associates of a passive investor is fully exempt (the "Passive Investor Exemption"). GIC meets the criteria for a passive investor under Rule 14A.99 of the Listing Rules. Therefore, any connected transactions or continuing connected transactions of a revenue nature in the ordinary and usual course of business and on normal commercial terms or better with an associate of GIC are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules. The Passive Investor Exemption is not applicable to transactions with the passive investor, namely GIC itself and non-revenue transactions with GIC or any of its associates, which will be subject to monitoring for compliance with the applicable provisions on connected transactions under the Listing Rules on a case by case basis.

Continuing connected transactions subject to the reporting, annual review and announcement requirements

Provision of securities and financial services and guarantee to GIC

In the ordinary and usual course of our business, we provide various securities and financial services to GIC, for which we receive commissions or fees from GIC.

On October 13, 2015, we have entered into the Securities and Financial Services Framework Agreement (the "Framework Agreement") with GIC. Pursuant to the Framework Agreement, we will provide securities and financial services and guarantee to GIC on normal commercial terms. The Framework Agreement will be effective from the Listing Date until December 31, 2017, subject to renewal.

CONNECTED TRANSACTIONS

The securities and financial services and guarantee expected to be provided by our Group to GIC following the Listing under the Framework Agreement are as follows:

- securities brokerage services — we act as a broker to purchase, place or sell securities on behalf of GIC, including trading of shares, preferred shares, bonds, convertible bonds and other types of securities on exchanges and OTC markets in Hong Kong and the PRC; and we settle the orders placed by GIC (either as cornerstone investor, anchor investor or placees) in IPOs or follow-on offerings / placements participated by GIC;
- index futures sales and trading services — we may provide index futures sales and trading services to GIC. Following the acquisition of the entire equity interest in Fortune Futures in August 2015 as further described in “Our History and Corporate Structure — Acquisition after the Track Record Period”, we may provide index futures trading services in the PRC to GIC through Fortune Futures. Under the relevant PRC rules, GIC is required to deposit margin in an omnibus account managed by its broker. Considering the registered capital of Fortune Futures and the size of the expected margin of GIC to be placed with Fortune Futures, GIC requests, and our Company agrees that as long as our Company remains the controlling shareholder of Fortune Futures, CICC Hong Kong will indemnify GIC from and against any obligations, liabilities, damages or due payment owed by Fortune Futures in relation to GIC’s margin deposits in Fortune Futures (the “**Guarantee**”). The Guarantee is not expected to cover any trading losses that may be suffered by GIC in respect of its index futures transactions conducted through Fortune Futures. The provision of the Guarantee by CICC Hong Kong to GIC is subject to the consents of the lending banks in respect of a syndicate loan of CICC Hong Kong and we are in the course of seeking such consents from the lending banks; and
- investment fund management services — we may set up various investment funds to which we act as the general partner or fund manager to provide fund management services and sell investment products to GIC. We charge management fee and carry interest for our fund management services provided to GIC.

Pricing Basis

The pricing bases for the various securities and financial services under the Framework Agreement are as follows:

- securities brokerage services — for securities trading, we charge a brokerage commission calculated as a fixed percentage of the amount of securities in respect of each trade effected by us on behalf of GIC. Securities brokerage market is highly competitive and the commission rates have become generally transparent and standardized across the market. We have adopted a market based brokerage commission policy. The commission rates charged to GIC by us shall be determined based on the arm’s length negotiation from time to time with reference to factors including: (i) the total amount of transactions of GIC effected through us; and (ii) the prevailing market rates for securities trades of a similar

CONNECTED TRANSACTIONS

size; for investments in IPOs, we charge a flat brokerage fee; for follow-on offerings / placements, we charge a brokerage rate determined based on the prevailing market rates and the level of interest by investors. The same brokerage rate shall be charged to each subscriber or purchaser in the same issue or placement;

- index futures sales and trading services — for index futures sales and trading, we charge a commission based on the arm’s length negotiation with reference to the prevailing market rates. The commission rates for index futures trading are standardized across the markets; and
- investment fund management services — the management fee and level of carry interest shall be determined based on the arm’s length negotiation between us (as the fund manager or general partner) and the limited partners (including GIC), which will take into account factors including the capital contribution to the fund by the relevant limited partner, the specific industries that the investment will focus on and the prevailing market rates. The markets rates are generally transparent across the market.

The terms (including pricing terms) provided by us to GIC in respect of each of the services above shall be comparable to those offered to our other institutional clients of a similar size and with similar trading volume who are independent third parties, and shall be subject to the same internal approval and monitoring procedures and pricing policies applicable to independent clients.

Historical Figures

A breakdown of historical transaction amounts paid by GIC to us in respect of the securities brokerage services for each of the three years ended December 31, 2014 and the six months ended June 30, 2015 is set out below:

	Historical figures			
	2012	2013	2014	January 1, 2015 to June 30, 2015
	(in millions of RMB)			
Securities brokerage services.....	10.1	15.6	37.0	27.2

The historical transaction amounts during the Track Record Period vary with the performance of the relevant markets in which we provide securities brokerage services to GIC. The increase in the transaction amounts in 2014 and the first six months of 2015 was primarily due to the increased trading volume of A shares by GIC in light of the strong performance of the A share market during the period and the increase in the QFII quota of GIC.

We have not provided any index futures sales and trading services or investment fund management services to GIC during the Track Record Period. However, as such services are part of our ordinary and usual course of business and GIC has been active in these business areas, we expect that we may enter into such transactions with GIC in Hong Kong and other jurisdictions.

CONNECTED TRANSACTIONS

Annual Caps

We estimate the annual caps for the continuing connected transactions in respect of our provision of securities and financial services under the Framework Agreement to GIC for the three years ending December 31, 2017 as follows:

	Annual caps		
	2015	2016	2017
	(in millions of RMB)		
Provision of securities and financial services by us to GIC	50.2	65.9	76.5
Provision of the Guarantee in connection with provision of index futures trading services by us to GIC	300.0	300.0	300.0

When estimating the annual caps, our Directors have considered the following factors:

- the historical transaction amounts in respect of securities brokerage services provided by us to GIC, the potential growth in GIC's securities trading volume and the reasonably estimated range of brokerage commission rates to be charged to GIC in respect of securities brokerage services;
- the historical trading level of GIC in respect of index futures sales and trading and investment fund management in other countries or regions in Asia;
- the anticipated fast expansion of the PRC securities market both in terms of market size and diversity of product offerings and the expected further opening-up and reforms in both scale and maturity of the PRC securities market;
- the leading position of GIC as a global institutional investor, its long term commitment to the PRC market and the potential increase in both the depth and width of GIC's investments in the PRC along with the fast development of the PRC securities market; and
- in respect of the annual caps for provision of the Guarantee: (i) the QFII quota of GIC; (ii) the proportion of QFII quota expected to be used for hedging by GIC with reference to the historical trading level of GIC in other countries or regions in Asia and that of our existing institutional clients; and (iii) the expected financial condition of Fortune Futures through which we will provide index futures trading service to GIC following its acquisition.

In addition, the estimated annual caps have been based on the principal assumptions that, for the duration of the Framework Agreement, there will not be any adverse change in market conditions, operation and business environment or government policies which may materially affect our business and that of GIC.

CONNECTED TRANSACTIONS

Waivers

The securities and financial services to be provided by us to GIC under the Framework Agreement and the Guarantee will, upon the Listing, constitute non-exempt continuing connected transactions of our Company. As the highest applicable percentage ratios (other than the profit ratios) calculated by reference to Rule 14.07 of the Listing Rules for the securities and financial services and the Guarantee respectively are on an annual basis above 0.1% and less than 5%, the transactions are subject to the reporting, annual review and announcement requirements but exempt from circular, independent financial advice and independent shareholders' approval requirements by virtue of Rule 14A.76 of the Listing Rules.

As the securities and financial services to be provided by us to GIC under the Framework Agreement and the Guarantee are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the announcement requirement would be impractical, unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the securities and financial services and the Guarantee to be provided by us to GIC under the Framework Agreement from compliance with the announcement requirement under the Listing Rules. In addition, we will comply with the applicable provisions under Rules 14A.34, 14A.49, 14A.51 to 14A.59 and 14A.71(6) of the Listing Rules. Upon the expiry of the waiver after December 31, 2017, we shall comply with the applicable provisions of Chapter 14A of the Listing Rules as amended from time to time or apply for relevant waivers.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the securities and financial services to be provided by us to GIC under the Framework Agreement as set out above have been and will be provided during our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interest of us and our Shareholders as a whole, and that the proposed annual caps for these transactions are fair and reasonable and in the interest of our Company's shareholders as a whole.

CONNECTED TRANSACTIONS

In respect of the Guarantee, our Directors (including our independent non-executive Directors) are of the view that the Guarantee will help secure GIC, a leading global institutional investor to become a client of our index futures trading business in the PRC, which would promote the development of this new business line of our Group. In addition, given that the Guarantee is in respect of the obligations of Fortune Futures (our wholly-owned subsidiary), the provision of Guarantee will not impose any additional liabilities nor have any adverse financial effects on the consolidated results of our Group as a whole. On this basis and taking into account the terms of guarantees that we may provide to other clients and the guarantees provided by other securities firms in similar circumstances and that the terms of the Guarantee are determined through negotiation on an arm's length basis, our Directors (including our independent non-executive Directors) are of the view that the Guarantee is given in the ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interests of us and our Shareholders as a whole, and that the proposed annual caps for the Guarantee are fair and reasonable and in the interest of our Company's shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the continuing connected transactions are entered into in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable in the interests of us and our Shareholders as a whole; and (ii) the annual caps for such transactions are fair and reasonable and in the interest of our Company's shareholders as a whole.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors comprises 11 Directors, including one executive Director, six non-executive Directors and four independent non-executive Directors. Our Directors are elected to serve a term of three years and the current term commences from May 15, 2015, which is renewable upon re-election.

The following table sets out information in respect of the Directors of our Company:

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Ding Xuedong (丁學東)	55	Chairman of the Board of Directors	October 2014	October 2014	Mr. Ding is responsible for overseeing the overall operations of our Group and formulating business and corporate strategies.
		Non-executive Director		October 2014	
Bi Mingjian (畢明建)	60	Executive Director	August 1995	May 2015	Mr. Bi is responsible for the daily operations and management of our Group, and overseeing the implementation of the strategies of our Group.
		Chief Executive Officer		March 2015	
		Chairman of the Management Committee		March 2015	
Zhao Haiying (趙海英)	50	Non-executive Director	August 2011	August 2011	Ms. Zhao is responsible for decision-making on our Group's strategies, policies, key appointments and corporate governance.
David Bonderman (大衛•龐德文)	72	Non-executive Director	November 2010	November 2010	Mr. Bonderman is responsible for decision-making on our Group's strategies and policies.
Liu Haifeng David (劉海峰)	44	Non-executive Director	February 2015	February 2015	Mr. Liu is responsible for decision-making on our Group's strategies and policies.
Shi Jun (石軍)	42	Non-executive Director	December 2013	December 2013	Mr. Shi is responsible for decision-making on our Group's audit and risk management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Cha Mou Daid Johnson (查懋德)	64	Non-executive Director	October 2002	October 2002	Mr. Cha is responsible for decision-making on our Group's strategies, policies and remuneration.
Edwin Roca Lim (林重庚)	74	Independent Non-executive Director	June 1995	May 2015	Mr. Lim is responsible for decision-making on our Group's strategies, policies, remuneration, key appointments and corporate governance.
Cao Tong (曹彤)	47	Independent Non-executive Director	May 2015	May 2015	Mr. Cao is responsible for decision-making on our Group's remuneration, key appointments, corporate governance and audit.
Siu Wai Keung (蕭偉強)	61	Independent Non-executive Director	May 2015	May 2015	Mr. Siu is responsible for decision-making on our Group's remuneration, audit and risk management.
Ben Shenglin (賁聖林)	49	Independent Non-executive Director	May 2015	May 2015	Mr. Ben is responsible for decision-making on our Group's key appointments, corporate governance, audit and risk management.

Ding Xuedong (丁學東), aged 55, has been appointed as our Chairman of the Board of Directors and Director since October 2014. He served a number of positions in the State-owned Asset Administration Bureau, including director general of the Department of Human Resources, head of the general office and director general of the Department of Property Rights from July 1994 to July 1998. He also held several positions in the Ministry of Finance, including director general of the Department of State-owned Capital Administration, director general of the Department of Agriculture, director general of the Department of Education, Science and Culture, assistant minister and vice minister from July 1998 to May 2010. He served as the deputy secretary general of the State Council from May 2010 to July 2013. He also served as a professor at Chinese Academy of Governance from September 2012 to September 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Ding currently serves as the chairman and chief executive officer of China Investment Corporation (“CIC”) and also the chairman of Huijin, one of our substantial shareholders, since July 2013. He also currently serves as a professor and doctoral advisor at the Graduate School of the Research Institute for Fiscal Science, Ministry of Finance since February 2005.

Mr. Ding obtained a master’s degree in economics from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in November 1985 and a doctoral degree in economics from the Research Institute for Fiscal Science, Ministry of Finance (財政部財政科學研究所) in August 1997.

Bi Mingjian (畢明建), aged 60, has been appointed as our Director since May 2015. He has also served as our Chief Executive Officer and Chairman of the Management Committee since March 2015. He joined our Group in August 1995 and participated in the establishment of our Company. He held several positions in our Group, including Deputy Chief Executive Officer, member and Acting Chairman of the Management Committee, Co-Chief Operating Officer and Co-Head of the Investment Banking Department from August 1995 to February 2006. He served as a senior advisor to our Company from March 2006 to November 2012. He served as a managing partner of HOPU Investment Management Co., Ltd. from November 2012 to March 2015. Prior to August 1995, he served as the deputy division chief of the State Farms and Reclamation Bureau of the Ministry of Agriculture from January 1984 to December 1985, operation officer of the World Bank China Office from December 1985 to June 1988, deputy director of the project office of China Rural Trust and Investment Corporation from June 1988 to October 1988 and project economist and advisor of the World Bank from October 1988 to January 1994. He currently serves as a director of a number of our subsidiaries.

Mr. Bi obtained a diploma in English from East China Normal University (華東師範大學) in December 1982 and a master of business administration degree from George Mason University, the United States in January 1993.

Zhao Haiying (趙海英), aged 50, has been appointed as our Director since August 2011. She taught at the Business School of Hong Kong University of Science and Technology from 1992 to 1995. She also served as a consultant for the Asian Development Bank from 1995 to 1997 and taught at the School of Economics and Finance of the University of Hong Kong from 1995 to 2001. She served as a commissioner of the Strategy and Development Commission of the CSRC from January 2001 to January 2002, deputy director of the Department of Public Offering Supervision of the CSRC from January 2002 to October 2005, director of the Industrial and Commercial Bank of China Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1398) and the Shanghai Stock Exchange (Stock Code: 601398), from October 2005 to December 2008 and, in the meantime, the head of the department of research and legal affairs of Huijin from May 2006 to September 2007. She served as head of the department of asset allocation and strategic research of CIC from December 2007 to October 2009, vice general manager of Huijin as well as the director of its non-bank department from October 2009 to February 2012. She was a member of the executive committee of CIC and the Executive Vice President of Huijin as well as the director of its securities institution management department from February 2012 to April 2012. She also served as a committee member of the 11th and the 12th National Committee of the Chinese People’s Political Consultative Conference.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Zhao currently serves as a member of the executive committee of CIC, the executive vice president and concurrently the head of securities institution management department/insurance institution management department of Huijin, and a director of New China Life Insurance Company Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 1336) and Shanghai Stock Exchange (Stock Code: 601336), since December 2009.

Ms. Zhao received a bachelor's degree in precision instrument from Tianjin University (天津大學) in 1984 and a doctoral degree in economics from the University of Maryland, the United States in 1992.

David Bonderman (大衛·龐德文), aged 72, has been appointed as our Director since November 2010. He is a founding partner of Texas Pacific Group (TPG), an affiliate of one of our substantial shareholders. TPG generally makes significant investments in operating companies through acquisitions and restructurings across a broad range of industries globally. Prior to forming TPG in 1992, he was chief operating officer of the Robert M. Bass Group, Inc. (RMBG), now doing business as Keystone Group, L.P. in Fort Worth, Texas. Prior to joining RMBG in 1983, he was a partner in the law firm of Arnold & Porter in Washington, D.C., where he specialized in corporate, securities, bankruptcy and antitrust litigation. From 1969 to 1970, he was a fellow in foreign and comparative law in conjunction with Harvard University and from 1968 to 1969, he was special assistant to the U.S. Attorney General in the civil rights division. From 1967 to 1968, he was assistant professor at Tulane University School of Law in New Orleans.

Mr. Bonderman currently serves on a number of boards, including: director of Ryanair Holdings Plc, a company listed on the Irish Stock Exchange (Ticker: RYA), London Stock Exchange (Ticker: RYA) and NASDAQ (Ticker: RYAAY), since August 1996; Energy Future Holdings Corp. (formerly known as TXU Corporation) since October 2007; Caesars Entertainment Corporation (formerly known as Harrah's Entertainment, Inc.), a company listed on the NASDAQ (Ticker: CZR), since January 2008; Kite Pharma, Inc., a company listed on the NASDAQ (Ticker: KITE), since March 2011; and Caesars Entertainment Operating Company, Inc. since June 2014. In addition, he serves on the boards of The Wilderness Society and the Grand Canyon Trust. He has also served as a director in, among others, Costar Group, Inc. (formerly known as Realty Information Group), a company listed on the NASDAQ (Ticker: CSGP), from May 1995 to June 2015; Armstrong World Industries, Inc., a company listed on the New York Stock Exchange (Ticker: AWI), from September 2009 to June 2012; General Motors Company, a company listed on the New York Stock Exchange (Ticker: GM), from July 2009 to June 2014; and VTB Group, a company listed on the Moscow Exchange (Ticker: VTBR) and London Stock Exchange (Ticker: VTBR LI), from March 2011 to June 2014.

Mr. Bonderman obtained a bachelor's degree in Slavic languages and literatures: Russian from University of Washington, the United States in June 1963 and graduated magna cum laude from Harvard Law School, the United States in June 1966 with a bachelor's degree in Law. He was a member of the Harvard Law Review and a Sheldon Fellow.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since October 2007, Mr. Bonderman has served as a director of Energy Future Holdings Corp. (“Energy Future”) (formerly known as TXU Corporation), a Dallas-based electric utility company incorporated in Texas, United States. On April 29, 2014, Energy Future filed a voluntary bankruptcy petition under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. As of December 31, 2013, Energy Future’s total assets and total liabilities (both on a consolidated basis) amounted to US\$36,446 million and US\$49,701 million, respectively. No claim has been made against Mr. Bonderman arising from his position as a director of Energy Future. A plan of reorganization and the relevant disclosure statement have been filed with the United States Bankruptcy Court for the District of Delaware in April 2015 and the bankruptcy petition is still in progress as of the Latest Practicable Date.

Mr. Bonderman has served as a director of Caesars Entertainment Operating Company, Inc. (“CEOC”) since June 2014, and its parent, Caesars Entertainment Corporation (“CEC”, together with CEOC and its affiliates, the “Caesars”), since January 2008. Caesars is a casino-entertainment group. On January 12, 2015, certain noteholders of CEOC filed an involuntary bankruptcy petition against CEOC in the United States Bankruptcy Court for the District of Delaware. Subsequently on January 15, 2015, CEOC filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code for restructuring and also sought to dismiss the involuntary petition. At the time of filing of the voluntary petition, CEOC’s outstanding debt obligations amounted to approximately US\$18.4 billion. As of the Latest Practicable Date, both bankruptcy petitions are still in progress. In 2014, certain claims were filed by the trustees of notes issued by CEOC against, among others, CEC, CEOC and their directors, including Mr. Bonderman alleging, among other things, the fraudulent transfer of certain assets, waste of corporate assets and certain breaches of fiduciary duty and other ancillary claims. These proceedings have been automatically stayed with respect to CEOC pending the Chapter 11 bankruptcy proceedings and have either been stayed or are in progress with respect to CEC.

In 2006, TPG Capital Management, L.P. (“TPG Capital”) (formerly known as TPG Capital, L.P.) and Apax Partners LLP (“Apax”) carried out acquisitions of TIM Hellas Telecommunications, S.A. (“Hellas”) and Q Telecommunications S.A. (“Q-Telecom”) (both of which are mobile telecommunications providers in Greece) through certain vehicles, including Hellas Telecommunications (Luxembourg) II SCA (together with its subsidiaries, “Hellas II”) (the “Acquisitions”). In connection with the Acquisitions, it was alleged that Hellas II and its holding companies (i) issued several series of notes the proceeds of which had been partly channeled to TPG Capital and Apax or their affiliates and issued convertible preferred equity certificates (the “CPECs”) to TPG Capital and Apax, which were later redeemed at amounts significantly above the par value. It was alleged that at minimum €973,657,610 was transferred to the defendants and certain other recipients as a result; and (ii) paid TPG and Apax consulting fees of €1.2 million at minimum without fair or adequate consideration, resulting in significant increase in their indebtedness. In February 2007, TPG Capital and Apax sold Hellas II and its subsidiaries, including Hellas and Q-Telecom. On December 1, 2011, an order of compulsory winding up was made by the High Court of Justice of England against Hellas II. On March 13, 2014, the joint compulsory liquidators of Hellas II commenced an action in the United States Bankruptcy Court of Southern District of New York against, among others, TPG Capital, Apax and Mr. Bonderman (as the president of TPG Capital at the relevant time and an officer and director of certain affiliates of TPG Capital), alleging among other things that the proceeds from the issue of the notes, redemption of the CPECs and the consulting fees constitute fraudulent transfers and that TPG Capital and Apax were unjustly enriched. As of the Latest Practicable Date, the proceeding has been stayed by the court.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

No judgment has been made by the courts against Mr. Bonderman in the above proceedings, and our Company and the Joint Sponsors are not aware of anything that may affect Mr. Bonderman's ability to fulfil his fiduciary duties as a non-executive Director of the Company in accordance with Rule 3.08 of the Listing Rules, and his character, experience, and integrity and ability to demonstrate a standard of competence commensurate with his position as a non-executive Director of the Company, pursuant to Rule 3.09 of the Listing Rules.

Liu Haifeng David (劉海峰), aged 44, has been appointed as our Director since February 2015. He was with Morgan Stanley Private Equity from August 1993 to January 2006 where he last served as a managing director and the co-head of Morgan Stanley Private Equity Asia. He served as a non-executive director of United Envirotech Ltd, a company listed on the Singapore Exchange (Stock Code: U19), from October 2011 to April 2015, and non-executive director of China Rundong Auto Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1365), from January 2014 to August 2015.

Mr. Liu is currently a member of KKR, co-head of KKR Private Equity Asia and the chief executive officer of KKR in Greater China. He currently serves as a member of KKR's Asian Private Equity Investment Committee, Asian Portfolio Management Committee and China Growth Fund Investment Committee. He also serves as a non-executive director of Far East Horizon Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 3360), since October 2009, and non-executive director of Qingdao Haier Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600690), since September 2014. "KKR" as defined in this section means Kohlberg Kravis Roberts & Co. L.P. together with its affiliates.

Mr. Liu graduated from Columbia University, the United States as class salutatorian and obtained a bachelor's degree in electrical engineering in May 1993. He is currently a member of Tau Beta Pi National Engineering Honor Society and a recipient of the Edwin Howard Armstrong Memorial Award at Columbia University.

Shi Jun (石軍), aged 42, has been appointed as our Director since December 2013. He held several positions in I&G, one of our shareholders, including a deputy general manager of the department of market development (II), general manager of department of financial products, principal of the center of financial products and general manager of the department of general financial products since July 1996.

Mr. Shi currently serves as the executive president of I&G since March 2012, and he is in charge of the investment, wealth management and internet finance businesses.

Mr. Shi has been admitted as a lawyer of the PRC since April 2001 and has been a CFA charter holder of the CFA Institute since September 2007. Mr. Shi obtained a bachelor's degree in economics specializing in insurance from Shanghai University of Finance and Economics (上海財經大學) in June 1996 and a master of business administration degree from Tsinghua University (清華大學) in January 2011. He also completed the executive master of business administration programme and obtained a master of business administration degree from China Europe International Business School (中歐國際工商學院) in August 2014.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Cha Mou Daid Johnson (查懋德), aged 64, has been appointed as our Director since October 2002. He has been the chairman of C.M. Capital Corporation since 2000. He has also served as a board member and non-executive director of HKR International Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 480) since 1989 and December 2004 respectively, and as a non-executive director of Hanison Construction Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 896) since November 2001. He has been appointed as a non-executive director of Mingly, one of our shareholders, since April 2000 and as a member of the nomination committee, risk management committee and remuneration committee, an independent non-executive director and the former chairman of the audit committee of Shanghai Commercial Bank Limited since September 2001. He also holds directorships in other private companies in Hong Kong and overseas.

Mr. Cha is active in many non-profit organizations serving as trustee, advisor or committee member. Since 1989, he has served at various institutions at different times in the following capacities: a member of The Hong Kong Government Advisory Council in Innovation and Technology; a member of trustee and chairman of Investment Committee of the Croucher Foundation; a council member and a member of the Finance Committee and Investment Sub-Committee of The Chinese University of Hong Kong; a trustee of the Mathematical Sciences Research Institute in the United States; a member of the Advisory Council of the School of Business of Stanford University; a member of Investment Committee, Foundation member, and board of trustee of University of California, San Francisco; an advisory board member of the College of Letters and Science of University of California, Los Angeles; and a member of Advisory Council of the Business School of University of San Francisco. He also serves as a board member of the trustee of Qiu Shi Science & Technologies, a founding member of the Moral Education Concern Group, and a member of the Hong Kong University of Science and Technology Finance Committee.

Mr. Cha obtained a bachelor's degree in chemistry from Carnegie Mellon University, the United States in May 1973 and a master of business administration degree from the Graduate School of Business of Stanford University, the United States in June 1976.

Edwin Roca Lim (林重庚), aged 74, has been appointed as our Director since May 2015. He served as a lecturer at The University of Hong Kong from 1965 to 1970. He joined the World Bank Group in May 1970 and held several positions, including economist, senior economist, lead economist for China, chief representative in China, director in charge of West Africa and director in charge of India. He was granted external service leave by the World Bank Group for two years from February 1994 to lead the organization of an investment bank in China. This initiative led to the establishment of our Company. In this context, he served as a senior advisor to Morgan Stanley from March 1994 to May 1995 and as the Chief Executive Officer of our Company from June 1995 to December 1995. He returned to the World Bank Group in January 1996 and served as director in charge of India until he retired in August 2002.

Mr. Lim obtained a bachelor's degree in public and international affairs from Princeton University, the United States in June 1962 and a doctoral degree in economics from the Graduate School of Arts and Sciences of Harvard University, the United States in June 1970. He also completed the advanced management programme at Harvard Business School of Harvard University, the United States in May 1993.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Cao Tong (曹彤), aged 47, has been appointed as our Director since May 2015. He joined China Merchants Bank Co., Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 3968) and Shanghai Stock Exchange (Stock Code: 600036), in Beijing and held several positions, including a deputy general manager of the planning and treasury department, general manager of the business department, an assistant to the president and a vice president of the Beijing branch, general manager of the personal banking department of the head office and deputy head of the management department in Shenzhen from January 1994 to December 2004. He joined China CITIC Bank Corporation Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 998), in Beijing and held several positions, including an assistant to the president, a general manager of the retail banking department, vice president and an executive director from December 2004 to August 2013. He served as a vice president of The Export-Import Bank of China from September 2013 to October 2014. He also served as the president of WeBank Co., Ltd. from November 2014 to September 2015.

Mr. Cao currently serves as the vice chairman of the National Financial System Youth Federation since January 2014 and co-director of the International Monetary Institute in Renmin University of China since December 2009.

Mr. Cao obtained a bachelor's degree and a master's degree in economics from Renmin University of China (中國人民大學) in July 1990 and July 1999, respectively, and a doctoral degree in finance from Dongbei University of Finance and Economics (東北財經大學) in July 2011.

Siu Wai Keung (蕭偉強), aged 61, has been appointed as our Director since May 2015. He served for KPMG for approximately 30 years, where he provided professional services to clients from various industries. He joined KPMG Manchester, England in 1979 and was transferred to Hong Kong in May 1986 and became a partner of KPMG Hong Kong in July 1993. From October 2000 to March 2002, he was a senior partner of KPMG Shanghai Office. Prior to his retirement in March 2010, he was a senior partner of KPMG Beijing and Northern China Region, KPMG China. He has extensive experience in providing audit services for PRC and overseas companies, and has a sound knowledge of advising on foreign direct investment in the PRC. He also served as an independent non-executive director of Hua Xia Bank Co., Limited, a company listed on the Shanghai Stock Exchange (Stock Code: 600015), from October 2010 to February 2014, independent non-executive director of Beijing Hualian Hypermarket Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600361), from September 2012 to March 2015, independent non-executive director of Hop Hing Group Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 47), from September 2012 to May 2015, independent non-executive director of Shunfeng International Clean Energy Limited (formerly known as Shunfeng Photovoltaic International Limited), a company listed on the Hong Kong Stock Exchange (Stock Code: 1165), from July 2013 to June 2015, and independent non-executive director of China Huishan Dairy Holdings Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 6863), from September 2013 to August 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Siu currently serves as an independent non-executive director of GuocoLand Limited, a company listed on the Singapore Exchange (Stock Code: F17), since December 2010, independent non-executive director of CITIC Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 267), since May 2011, independent non-executive director of China Communications Services Corporation Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 552), since June 2012, independent non-executive director of CGN Power Co., Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 1816), since March 2014, and independent director of Beijing Gao Hua Securities Company Limited since June 2015.

Mr. Siu has been a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants since July 1994 and September 1993. He obtained a bachelor's degree in economics and accounting and financial management from The University of Sheffield, the United Kingdom in July 1979.

Ben Shenglin (賁聖林), aged 49, has been appointed as our Director since May 2015. He held several positions in ABN Amro in China and London, including leadership roles such as senior vice president and China business head from March 2003 to February 2005. He served at HSBC in China from February 2005 to April 2010 as a senior executive, including managing director and China country head of commercial banking from January 2007 to April 2010. From April 2010 to April 2014, he was with JP Morgan Chase as a member of the global leadership team at global corporate bank and the chief executive officer of J.P. Morgan Chase Bank (China) Company Limited.

Mr. Ben currently serves as an independent director of Bank of Ningbo Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 2142), since September 2014, and independent non-executive director of Tsingtao Brewery Co., Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 168), since June 2014. He joined the School of Management of Zhejiang University (浙江大學管理學院) since May 2014 and currently serves as a full-time professor of banking and finance and doctoral advisor. He is also the dean of Academy of Internet Finance since April 2015, and director of Center for Internet and Financial Innovation of the School of Management of Zhejiang University since December 2014. He also currently serves as an executive director of the International Monetary Institute in Renmin University of China since January 2014 and a counsellor of the Zhejiang People's Government since August 2014.

Mr. Ben obtained a bachelor's degree in engineering from Tsinghua University in July 1987, a master's degree in economics specializing in enterprise management from Renmin University of China in March 1990 and a doctoral degree in economics from Purdue University, the United States in August 1994.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises three Supervisors. The term of services for each Supervisor is three years and the current term commences from May 15, 2015, which is renewable upon re-election. The functions and duties of the Supervisory Committee include reviewing financial reports and profit distribution plans prepared by the Board of Directors, monitoring the financial affairs of our Company and supervising the performance of our Directors and members of senior management. They are also entitled to engage certified public accountants and practicing auditors to re-examine the Company's financial information where necessary.

The following table sets out information in respect of the Supervisors of our Company:

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Han Weiqiang (韓巍強)	61	Chairman of the Supervisory Committee	March 2003	May 2015	Mr. Han is responsible for coordinating the monitoring of the financial affairs of our Group and supervising the performance of our Directors and members of senior management.
		Employee-representative Supervisor		April 2015	
Liu Haoling (劉浩凌)	44	Supervisor	May 2015	May 2015	Mr. Liu is responsible for monitoring the financial affairs of our Group and supervising the performance of our Directors and members of senior management.
Jin Lizuo (金立佐)	58	Supervisor	May 2015	May 2015	Mr. Jin is responsible for monitoring the financial affairs of our Group and supervising the performance of our Directors and members of senior management.

Supervisors

Han Weiqiang (韓巍強), aged 61, has been elected as the employee-representative Supervisor since April 2015 and appointed as our Chairman of the Supervisory Committee, the Vice Chairman of the Capital Markets Committee, senior investment advisor to the Wealth Management Department and Director-general of CICC Charity Foundation since May 2015, August 2014, May 2014 and March 2012, respectively. He joined our Group in March 2003 and assumed various positions, including a member of the Management Committee, the Chief Administrative Officer and Acting Chief Financial Officer. He served as an analyst of Goldman Financial Group Corporation from September 1989 to

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

September 1991, head of finance of Waterbury Farrel Technology Corporation from September 1991 to December 1993, vice president of China Enterprise Management Corp. and chief representative of the Beijing office from January 1994 to October 1996, and general manager of MasterCard International (China) from November 1996 to March 2003.

Mr. Han currently serves as a director of CICC US Securities, Inc. since September 2009, director of CICC Investment Management (USA), Inc. since April 2010, director of CICC US Securities (Hong Kong) Limited since November 2010, and the chairman of the board of directors of China International Capital Corporation (USA) Holdings Inc. since February 2011, all of which are wholly-owned subsidiaries of our Company.

Mr. Han obtained a bachelor's degree in philosophy from Beijing Iron and Steel Institute (北京鋼鐵學院) (currently known as University of Science and Technology Beijing (北京科技大學)) in July 1982 and a master's degree in international relations and a master of business administration degree from Boston University, the United States in September 1989.

Liu Haoling (劉浩凌), aged 44, has been appointed as our Supervisor since May 2015. He served as a preparatory group member for the establishment of ABN AMRO Xiangcai Fund Management Co. Ltd. from January 2002 to June 2002, manager of the legal and compliance department and secretary of the board of directors of China Euro Securities Limited from July 2003 to March 2007, and an associate of the compliance department of Goldman Sachs Gao Hua Securities Company Limited from April 2007 to February 2008. He held several positions in CIC, including the business head and senior manager of the legal and compliance department from March 2008 to April 2011. He also served as a director of New China Life Insurance Co. Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 1336) and Shanghai Stock Exchange (Stock Code: 601336), from December 2009 to September 2010.

Mr. Liu currently serves as a deputy head of the general management department of Huijin since May 2011 and a managing director since July 2014, respectively, and a supervisor of China Export & Credit Insurance Corporation since December 2012.

Mr. Liu obtained a bachelor's degree in English from Peking University (北京大學) in July 1995, a bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1997, a master's degree in law from The University of Iowa, the United States in May 1998 and a master's degree in finance from London Business School of University of London, the United Kingdom in September 2003.

Jin Lizuo (金立佐), aged 58, has been appointed as our Supervisor since May 2015. He participated in the establishment of our Company from 1994 to 1995. He served as the chairman of Beijing Integrity Investment Consulting Ltd. from 1995 to 1999, chairman of Beijing Integrity Management Consulting Ltd. from 1999 to 2004, an independent non-executive director of COSCO Shipping Co. Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600428), from August 2008 to March 2012, and independent non-executive director of Huabao International Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 336), from August 2011 to August 2013.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Jin currently serves as an independent non-executive director of Beijing Development (Hong Kong) Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 154) since September 2004, and a director of NetBrain Technologies Inc. since August 2012.

Mr. Jin obtained a bachelor's degree in economics from Peking University in January 1982 and a doctoral degree in economics from Oxford University, the United Kingdom in November 1993.

SENIOR MANAGEMENT

The following table sets out information in respect of our senior management which primarily includes members of the Management Committee of our Company, the functions of which are further described below.

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Bi Mingjian (畢明建)	60	Executive Director	August 1995	May 2015	Mr. Bi is responsible for the daily operations and management of our Group, and overseeing the implementation of the strategies of our Group.
		Chief Executive Officer		March 2015	
		Chairman of the Management Committee		March 2015	
Chu Gang (楚鋼)	51	Chief Operating Officer	May 2009	April 2015	Mr. Chu is responsible for assisting the Chief Executive Officer in overseeing the daily operation of our Group.
		Member of the Management Committee		April 2015	
Xin Jie (辛潔)	41	Chief Financial Officer	May 1998	January 2014	Mr. Xin is responsible for overseeing the financial and other back office operation of our Group.
		Member of the Management Committee		April 2015	
Lin Shoukang (林壽康)	52	Member of the Management Committee	November 2000	December 2007	Mr. Lin is responsible for overseeing the operation and management of the investment management business of our Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Huang Zhaohui (黃朝暉)	51	Member of the Management Committee	February 1998	April 2015	Mr. Huang is responsible for overseeing the operation and management of the investment banking business of our Group.
Huang Haizhou (黃海洲)	53	Member of the Management Committee	December 2007	April 2015	Mr. Huang is responsible for overseeing the operation and management of the sales and trading business of our Group.
Liang Hong (梁紅)	47	Member of the Management Committee	November 2008	April 2015	Ms. Liang is responsible for overseeing the operation and management of the research business of our Group.
Cheng Qiang (程強)	47	Member of the Management Committee	October 2003	April 2015	Mr. Cheng is responsible for overseeing the operation and management of the FICC business of our Group.
Sun Dongqing (孫冬青)	41	Member of the Management Committee	July 2001	April 2015	Ms. Sun is responsible for overseeing the operation and management of the wealth management business of our Group.
Huang Kanglin (黃康林)	52	Chief Risk Officer	February 2012	August 2014	Mr. Huang is responsible for the comprehensive risk management of our Group.
Yang Xinping (楊新平)	59	Chief Compliance Officer	October 1999	December 2007	Ms. Yang is responsible for supervising our Group and staff's compliance of their operation, management and conduct.
Lu Xu (呂旭)	61	Chief Technology Officer	August 2000	April 2015	Mr. Lu is responsible for overseeing the operation and management of the information technology of our Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of first joining our Group	Date of Appointment	Duties
Wu Bo (吳波)	38	Secretary to the Board of Directors	May 2004	May 2015	Mr. Wu is responsible for organizing our Company's meetings of shareholders, Board of Directors and Supervisory Committee and other ancillary matters and overseeing disclosure of information of our Group.
Ma Kui (馬葵)	44	Financial Controller	April 1998	May 2015	Ms. Ma is responsible for assisting the Chief Financial Officer in overseeing the financial operation of our Group.

Bi Mingjian (畢明建), our Director, Chief Executive Officer and Chairman of the Management Committee. See “— Board of Directors” in this section for his profile.

Chu Gang (楚綱), aged 51, has been appointed as our Chief Operating Officer and a member of the Management Committee since April 2015. He joined our Group in May 2009 and held several positions, including a Managing Director of the Research Department, the Acting Head of the Capital Markets Department and Deputy Chief Operating Officer. Prior to joining our Group, he held several positions in Citigroup, including vice president, emerging market risk manager, local government bonds proprietary trader, fund manager, head of Latin America stock options trading and managing director of alternative investments from September 1993 to August 2008. He currently serves as a director of a number of our subsidiaries, including CICC HK Securities.

Mr. Chu was qualified as a Chartered Financial Analyst of the CFA Institute in September 2002. He obtained a bachelor's degree in physics from University of Science and Technology of China (中國科學技術大學) in July 1987 and a doctoral degree in theoretical physics from Northeastern University, the United States in September 1993. He also studied at Leonard N. Stern School of Business of New York University, the United States until June 1997.

Xin Jie (辛潔), aged 41, has been appointed as our Chief Financial Officer and a member of the Management Committee since January 2014 and April 2015, respectively. He joined our Group in May 1998 and served as an Associate of the Investment Banking Department until July 2000. He served as the general manager of the Beijing office of Good Investment Co. Ltd. from July 2000 to April 2003, deputy chief representative of Veolia Water Group North China from May 2003 to February 2005 and director of Standard Chartered Private Equity from March 2005 to June 2007. He rejoined our Group in July 2007 and held several positions, including the general manager of CICC Jiacheng, a subsidiary of our Company, and the general manager of Zhejin Trust Co. Ltd, a trust company our Company is interested in. He currently serves as a director of a number of our subsidiaries, including CICC Hong Kong and China International Capital Corporation (Singapore) Pte. Limited.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xin obtained a bachelor's degree in business administration from University of Georgia, the United States in June 1996 and a master's degree in world economics from Nankai University (南開大學) in June 2005.

Lin Shoukang (林壽康), aged 52, has been appointed as a member of the Management Committee since December 2007. He joined our Group in November 2000 and held several positions, including an Executive Director of the Asset Management Department, the Head of the Capital Markets Department, Chief Operating Officer, Acting Chief Executive Officer and Acting Chairman of the Management Committee. Prior to joining our Group, he served as an instructor in mathematics at Xiamen University (廈門大學) from September 1983 to August 1985 and assistant professor of University of York, Canada from July 1990 to July 1991. He joined the International Monetary Fund in August 1991 and held several positions, including an economist and a main desk officer of Malawi of the African Department until June 1996. He served as a senior manager of the Hong Kong Monetary Authority from July 1996 to December 1997, the head of the Greater China economic research of Deutsche Bank Hong Kong from January 1998 to May 1999 and deputy director of the international department of China Cinda Assets Management Corporation, a company listed on the Hong Kong Stock Exchange (Stock Code: 1359), from May 1999 to October 2000. He currently serves as a director of a number of our subsidiaries, including CICC Hong Kong and CICC Fund Management.

Mr. Lin obtained a bachelor's degree in mathematics from Xiamen University in July 1983, a master's degree in economics and a doctoral degree in monetary economics from Brown University, the United States in August 1987 and May 1990, respectively.

Huang Zhaohui (黃朝暉), aged 51, has been appointed as a member of the Management Committee and our Head of the Investment Banking Department since April 2015 and April 2013, respectively. He joined our Group in February 1998 and held several positions, including the Deputy Head and Co-Head of the Investment Banking Department. Prior to joining our Group, he joined China Construction Bank Corporation, a company listed on the Hong Kong Stock Exchange (Stock Code: 939) and Shanghai Stock Exchange (Stock Code: 601939), and served as a clerk of the Ningbo branch office, an assistant research officer of the department of investment research, a senior economist of the department of real estate financing, deputy director of department of international business and director of firm office from July 1988 to January 1998. He currently serves as a director of CICC HK Securities.

Mr. Huang obtained a bachelor's degree in physics from Wuhan University (武漢大學) in July 1985 and a master's degree in economics from Renmin University of China in July 1988.

Huang Haizhou (黃海洲), aged 53, has been appointed as a member of the Management Committee and our Head of the Sales and Trading Department since April 2015 and May 2013, respectively. He joined our Group in December 2007 and held several positions, including the Co-head of the Sales and Trading Department, Chief Strategist and Co-Head of the Research Department. Prior to joining our Group, he served as a research fellow at The London School of Economics and Political Science, the United Kingdom, from January 1995 to June 1998, an economist and a senior economist at the International Monetary Fund from July 1998 to August 2005, and the head of Greater China

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

research department of Barclays Capital (Hong Kong) from September 2005 to December 2007. He currently serves as a co-opted member of the Hong Kong Financial Services Development Council since March 2013. He currently serves as a director of a number of our subsidiaries, including CICC Hong Kong and CICC HK Securities.

Mr. Huang obtained a bachelor's degree in electrical engineering from Hefei University of Technology (合肥工業大學) in July 1983, a master's degree in systems engineering from University of Shanghai for Science and Technology (上海理工大學) in July 1987 and a doctoral degree in business from Indiana University, the United States in July 1994.

Liang Hong (梁紅), aged 47, has been appointed as a member of the Management Committee, our Head of the Research Department and Chief Economist since April 2015, May 2013 and October 2014, respectively. She joined our Group in November 2008 and held several positions, including a Managing Director, the Head of the Capital Markets Department and Co-Head of the Sales and Trading Department. Prior to joining our Group, she served as an economist of the International Monetary Fund from June 1998 to August 2003 and the chief China economist and managing director of Goldman Sachs (Asia) LLC from September 2003 to November 2008. She currently serves as a director of CICC Hong Kong and CICC HK Securities.

Ms. Liang obtained a bachelor's degree in international relations from Peking University in July 1991, a master's degree in economics from University of Denver, the United States, in June 1993 and a doctoral degree in economics from Georgetown University, the United States in July 1998.

Cheng Qiang (程強), aged 47, has been appointed as a member of the Management Committee and our Head of the FICC Department since April 2015. He joined our Group in October 2003 and held several positions, including a Vice President of the Capital Markets Department, Co-Head of the FICC Department, Head of the Trading team, Head of the Product Division and fixed income team of the Investment Banking Department, and general manager of Zhejin Trust Co. Ltd, a trust company our Company is interested in, until June 2012. He served as an advisor to our Company from July 2012 to June 2014. Prior to joining our Group, he served as a research staff of Advanced Technology Laboratories from January 1995 to December 1997, an associate of Barclays Capital New York from January 1998 to May 2000, a senior vice president of China Network International from June 2000 to August 2002, managing director of Global Standard Investment from September 2002 to June 2003 and vice president of ING Bank (Hong Kong) from August 2003 to September 2003. He currently serves as the chairman of Fortune Futures and a director of a number of our subsidiaries, including CICC Hong Kong.

Mr. Cheng obtained a bachelor's degree in physics from the University of Mississippi, the United States in August 1990, a master's degree in physics and a master's degree and a doctoral degree in economics from the University of Michigan, the United States in August 1991, December 1993 and May 1998, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Sun Dongqing (孫冬青), aged 41, has been appointed as a member of the Management Committee and our Head of the Wealth Management Department since April 2015 and September 2011, respectively. She joined our Group in July 2001 and held several positions, including the Head of Beijing branch of the Sales and Trading Department, the Head of the Retail Group (now known as Wealth Management), and took part in setting up the wealth management business of our Company in September 2007. Prior to joining our Group, she served as an assistant accountant of the China's Fuel Corporation from July 1996 to June 1999.

Ms. Sun obtained a bachelor's degree in management engineering from Beijing Wuzi University (北京物資學院) in July 1996 and a master of business administration degree from Tsinghua University in July 2001.

Huang Kanglin (黃康林), aged 52, has been appointed as our Chief Risk Officer and Head of the Risk Management Department since August 2014 and February 2012, respectively. He joined our Group in February 2012 and served as a Managing Director and the Head of the Risk Management Department. Prior to joining our Group, he served as a software consultant to Ciba Corning Inc. from May 1994 to April 1995, a quantitative analyst of Barclays Group (BZW) from May 1995 to August 1995, a quantitative strategist of Goldman Sachs & Co. from September 1995 to April 2000, a senior market risk manager of Lehman Brothers Inc. from May 2000 to April 2004, head of Asia market risk management, managing director, subsequently as head of Asia risk management of Lehman Brothers Japan from May 2004 to September 2008, a senior risk manager, managing director of Nomura Securities Co. from October 2008 to August 2009, and joint-head of Asia ex-Japan risk management and managing director of Nomura International (Hong Kong) Ltd from September 2009 to October 2011.

Mr. Huang obtained a bachelor's degree in physics from Peking University in July 1984, a master's degree in physics from Michigan Technological University, the United States in May 1989 and a doctoral degree in materials science and engineering from University of Pittsburgh, the United States in April 1994.

Yang Xinping (楊新平), aged 59, has been appointed as our Chief Compliance Officer since December 2007. She joined our Group in October 1999 and has been appointed several positions, including Head of the Legal Department in 2000 and Head of the Compliance Department since 2004. Prior to joining our Group, she served as a lawyer in Paul Weiss, Rifkind, Wharton and Garrison Beijing Office, C&C Law Office and held various positions with other institutions in China, Australia and the United States from February 1980 to September 1999. She served as a member of the Issuance Appraisal Committee of CSRC from January 2001 to September 2003, member of the M&A Committee of the Issuance Appraisal Committee of CSRC from March 2002 to February 2004 and member of the Disciplinary and Supervisory Committee of SAC from February 2008 to February 2012. She currently serves as a vice chairman of the Compliance Committee of the SAC since October 2009, member of the Compliance Committee of the Securities Association of Beijing since December 2013, and our Company's representative of the exchange participants of the Shanghai Stock Exchange and Shenzhen Stock Exchange since December 2012. She has also been selected as an expert appraiser of the SAC for innovative business of securities companies since August 2008.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Yang obtained her juris doctor degree from Connecticut University School of Law, the United States in May 1986, LLM from Cornell University Law School, the United States in May 1991, diploma from the Law Extension Committee of Sydney University Law School, Australia in May 1993, certificate from Beijing Institute of International Economics and Management, English Language Center (北京國際經濟管理學院，經濟英語培訓中心) in January 1981, and her university study was completed at Shanghai Institute of Foreign Languages, English Department (上海外國語學院，英語系) in January 1980.

Lu Xu (呂旭), aged 61, has been appointed as our Chief Technology Officer and Head of Information Technology Department since April 2015. He joined our Group in August 2000 and was our Head of Information Technology Department until March 2014. Prior to joining our Group, he served as a software engineer of the Information Center, Ministry of Electronics Industry from December 1984 to December 1987, a software engineer of EG&G Washington Analytical Services Center, Inc. from December 1990 to May 1992, a senior software engineer of MLJ Consulting Telecommunication Engineers, Inc. from May 1992 to March 1995, principal software engineer of LCC L.L.C from March 1995 to February 1996, project manager of MCI WorldCom from February 1996 to August 2000 and managing director of HOPU Investment Management Co., Ltd. from May 2014 to March 2015.

Mr. Lu's obtained a master's degree in computer science from North China Institute of Computing Technology (華北計算技術研究所) in December 1984, and a master's degree in computer science and technology from George Mason University, the United States in January 1994.

Wu Bo (吳波), aged 38, has been appointed as our Secretary to the Board of Directors since May 2015. He joined our Group in May 2004 and held several positions, including the Head of the Sponsor Business Department, Deputy Head of the Growth Enterprise Investment Banking Department and a member of the Operations team of the Investment Banking Department. Prior to joining our Group, Mr. Wu served as, among other things, an auditor of Arthur Andersen Huaqiang Certified Public Accountants from July 1999 to June 2002 and a senior auditor of PricewaterhouseCoopers Zhong Tian LLP. from July 2002 to April 2004.

Mr. Wu obtained his bachelor's degree in economics from Peking University in July 1998.

Ma Kui (馬葵), aged 44, has been appointed as our Financial Controller, Head of Entity and Process Department and Head of Operation Support Department since May 2015, September 2011 and April 2015, respectively. She joined our Group in April 1998 and held several positions, including the Head of the Financial Control Department, Head of the Market Risk Department, Head of the Planning and Analysis Department, Assistant Chief Financial Officer, and chairman of the board of directors of CICC Pucheng Investment Co., Ltd. She currently serves as a director of CICC Jiacheng, a subsidiary of our Company, since June 2014. Prior to joining our Group, she served as, among other things, an accountant in Motorola (China) Electronics Co., Ltd. from May 1995 to August 1997. She currently serves as a director of a number of our subsidiaries, including CICC Hong Kong, CICC Jiacheng, Fortune Futures, CICC HK Securities, CICC HK AM and CICC HK Futures.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Ma obtained a bachelor's degree in international economic cooperation and a master's degree in international finance from University of International Business and Economics (對外經濟貿易大學) in June 1993 and June 1996, respectively.

Unless otherwise stated, the dates of commencement of positions of Directors, Supervisors and senior management positions of our Company disclosed in this section are the dates of appointment by our Company, which are conditional upon the fulfilment of the qualification requirements under the relevant PRC laws and regulations for the respective positions by our Directors, Supervisors or members of senior management.

Save as disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed above, none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business.

Save as disclosed above, none of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of the Directors and Supervisors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules as of the Latest Practicable Date.

MANAGEMENT OF OUR GROUP

From the beginning of the Track Record Period up to April 2015 as further discussed below, our core management team comprising the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and key persons in charge of the key business lines of our Group had been collectively responsible for the management and operation of our Group. During the Track Record Period, we have experienced changes in our core management team. For example, our former Chief Executive Officer, Mr. Zhu Yunlai and our former Chief Financial Officer, Mr. Yao Lei, resigned their positions in October 2014 and January 2014 respectively, each due to personal reasons. See “Risk Factors — Risks Relating to Our Business and Industry — Our operations depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them.” Our current Chief Executive Officer and Chief Financial Officer assumed the positions since March 2015 and January 2014 respectively. Notwithstanding the aforementioned changes, majority of the members of the core management of our Group who are considered most relevant and responsible for the results of our Group during the Track Record Period are expected to continue to hold key management positions of our Group upon Listing and the majority of the existing core management team has held key management positions of various business and operational functions prior to and throughout the Track Record Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In April 2015, we have enhanced our management structure with the Management Committee being the key management body supporting our Chief Executive Officer to manage our Group.

Our Management Committee currently consists of nine members, namely, our Executive Director and Chief Executive Officer Mr. Bi Mingjian, our Chief Operating Officer Mr. Chu Gang, our Chief Financial Officer Mr. Xin Jie and the key persons in charge of the key business lines of our Group, namely Mr. Lin Shoukang, Mr. Huang Zhaohui, Mr. Huang Haizhou, Ms. Liang Hong, Mr. Cheng Qiang and Ms. Sun Dongqing, the details of whom are set out in “— Senior Management” in this section. Mr. Bi Mingjian is the chairman of the Management Committee. The duties of our Management Committee primarily include:

- managing the operations of our Company and implementing the resolutions of the Board;
- formulating the development strategies, business framework, business plans and investment and financing proposals;
- reviewing and examining the annual budget, costs of expenses, work plans of each business department and monitoring the implementation and progress of the business plans and budget;
- reviewing and examining the internal management structure of our Company and the appointment and removal of personnel;
- reviewing and examining the core management system of our Company; and
- discussing and making decisions on other key issues.

JOINT COMPANY SECRETARIES

Mr. Wu Bo, one of our Joint Company Secretaries, is also a member of our senior management. See “— Senior Management” in this prospectus for his biography.

Mr. Zhou Jiaying (周佳興) is another Joint Company Secretary of our Company and was appointed on June 3, 2015. He joined our Group in June 2009 and is currently executive director and senior legal counsel in the Legal Department of our Company. Prior to joining our Group, he worked in a number of law firms, including Wang Jing & Co. from October 1996 to August 1999, Ince & Co from September 2002 to September 2004, and Slaughter and May from September 2004 to July 2008.

Mr. Zhou currently serves as a member of the executive committee of the Hong Kong Corporate Counsel Association since October 2012, a member of the panel of arbitrators of South China International Economic and Trade Arbitration Commission (Shenzhen Court of International Arbitration) since December 2012, a mediator of Shenzhen Securities and Futures Dispute Resolution Centre since August 2015, and a member of the board of directors of Asia Securities Industry and Financial Markets Association Limited since September 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhou has been admitted as a lawyer of the PRC in July 1998 and as a practising solicitor in England and Wales and Hong Kong in September 2004 and June 2010, respectively. He obtained a bachelor's degree in English from Nanjing Institute of International Relations (南京國際關係學院) in July 1993 and a degree of master of laws from University of Southampton, the United Kingdom in February 2001. He also obtained a postgraduate diploma in law with commendation in July 2001 and a diploma in Legal Practice Course with commendation in July 2002 from BPP Law School, the United Kingdom.

BOARD COMMITTEES

The Board delegates certain responsibilities to its various committees. In accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice prescribed in the Hong Kong Listing Rules, our Company has formed five Board committees, namely the Strategy Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, the Audit Committee and the Risk Management Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The Strategy Committee consists of seven Directors, namely Mr. Ding Xuedong, Ms. Zhao Haiying, Mr. David Bonderman, Mr. Liu Haifeng David, Mr. Cha Mou Daid Johnson, Mr. Bi Mingjian and Mr. Edwin Roca Lim. Mr. Ding Xuedong currently serves as the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, the following:

- conducting research on our Company's short, medium and long term development strategies or the relevant issues;
- making recommendations on our Company's long-term development strategies, major investments, reforms and other major decisions; and
- performing other duties stipulated in laws, regulations, the Listing Rules and authorized by the Board of Directors.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference. The Remuneration Committee consists of four Directors, namely Mr. Edwin Roca Lim, Mr. Cha Mou Daid Johnson, Mr. Cao Tong and Mr. Siu Wai Keung. Mr. Edwin Roca Lim currently serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- considering and making recommendations on the appraisal and remuneration management system for Directors and senior management;
- conducting appraisal of Directors and members of senior management and making recommendations; and

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- performing other duties stipulated in laws, regulations, the Listing Rules and authorized by the Board of Directors.

Nomination and Corporate Governance Committee

We have established a Nomination and Corporate Governance Committee with written terms of reference. The Nomination and Corporate Governance Committee consists of five Directors, namely Mr. Cao Tong, Mr. Ding Xuedong, Ms. Zhao Haiying, Mr. Edwin Roca Lim and Mr. Ben Shenglin. Mr. Cao Tong currently serves as the chairman of the Nomination and Corporate Governance Committee. The primary duties of the Nomination and Corporate Governance Committee include, but are not limited to, the following:

- considering and making recommendations on selection and appointment standards and procedures of Directors and senior management, identifying qualified candidates of Directors and senior management, reviewing and making recommendations on the qualification criteria of the candidates of Directors and senior management;
- promoting the formulation and enhancement of the corporate governance standards;
- conducting appraisal of and making recommendations on corporate governance structure and governance standards; and
- performing other duties stipulated in laws, regulations, the Listing Rules and authorized by the Board of Directors.

Audit Committee

We have established an Audit Committee with written terms of reference. The Audit Committee consists of four Directors, namely Mr. Siu Wai Keung, Mr. Shi Jun, Mr. Cao Tong and Mr. Ben Shenglin. Mr. Siu Wai Keung currently serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- supervising annual audit work, making judgment on the truthfulness, accuracy and completeness of audited financial information, and proposing motions to our Board of Directors for consideration;
- proposing engagement or replacement of external audit firm, and supervising the practice of external audit firm;
- being responsible for communication between internal and external auditors; and
- performing other duties stipulated in laws, regulations, the Listing Rules and authorized by the Board of Directors.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Risk Management Committee

We have established a Risk Management Committee with written terms of reference. The Risk Management Committee consists of four Directors, namely Mr. Ben Shenglin, Mr. Shi Jun, Mr. Bi Mingjian and Mr. Siu Wai Keung. Mr. Ben Shenglin currently serves as the chairman of the Risk Management Committee. The primary duties of the Risk Management Committee include, but are not limited to, the following:

- considering and making recommendations on the overall goals and policies for compliance management and risk management;
- considering and making recommendations on establishment and duties of compliance management and risk management organizations;
- evaluating and making recommendations on the risks of important decisions and solutions for significant risks requiring consideration of the Board of Directors;
- reviewing and making recommendations on compliance reports and risk assessment reports requiring consideration of the Board of Directors; and
- performing other duties stipulated in laws, regulations, the Listing Rules and authorized by the Board of Directors.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration (net of tax) our Directors and Supervisors have received (including fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind) for each of the three years ended December 31, 2014 were RMB3.7 million, RMB4.9 million and RMB2.0 million, respectively. The remuneration (net of tax) our Directors and Supervisors have received (including fees, salaries, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind but excluding discretionary bonus) for the six months ended June 30, 2015 was RMB0.9 million. It is estimated that under the arrangements currently in force, the remuneration (net of tax) (including fees, salaries, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind but excluding discretionary bonus) of our Directors and Supervisors for the year ending December 31, 2015 will be approximately RMB2.6 million and RMB0.9 million, respectively.

The aggregate amount of fees, salaries, discretionary bonus, defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind paid to our five highest paid individuals of our Company during each of the three years ended December 31, 2014 and the six months ended June 30, 2015 were approximately RMB60.0 million, RMB69.7 million, RMB70.3 million and RMB6.7 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in “Appendix I — Accountants’ Report — C. Notes to Consolidated Financial Information — 14 Directors’ and Supervisors’ Remuneration” and “— 15 Individuals with Highest Emoluments”, there were no amounts paid during the Relevant Periods to the Directors, Supervisors or the five highest paid individuals in connection with their retirement from employment or as compensation for loss of office with our Company, or as inducement to join or upon joining our Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company, and there was no other arrangement under which a Director or a Supervisor waived or agreed to waive any remuneration during the Relevant Periods.

See “Appendix I — Accountants’ Report — C. Notes to Consolidated Financial Information - 14 Directors’ and Supervisors’ Remuneration” and “— 15 Individuals with Highest Emoluments” for further details.

JOINT COMPLIANCE ADVISORS

We have agreed to appoint CICC HK Securities and ABCI Capital Limited to be our joint compliance advisors upon Listing in compliance with Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules. We have entered into a joint compliance advisor’s agreement with each of the joint compliance advisors, the material terms of which are as follows:

- we will appoint CICC HK Securities and ABCI Capital Limited as our joint compliance advisors for the purposes of Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;
- the joint compliance advisors will provide us with certain services, including providing us with proper guidance and advice as to compliance with the requirements under the Hong Kong Listing Rules and applicable laws, rules, codes and guidelines and provide advice to the Company on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations;
- the joint compliance advisors will, as soon as reasonably practicable, inform us of any amendment or supplement to the Hong Kong Listing Rules announced by the Hong Kong Stock Exchange from time to time, and of any amendment or supplement to the applicable laws and guidelines; and
- the joint compliance advisors will serve as our principal channel of communication with the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, assuming the Over-allotment Option is not exercised, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number and class of securities	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering
Huijin	Legal and beneficial owner	664,496,271 Domestic Shares	29.89%	83.60%
	Interest of controlled corporation ⁽¹⁾	2,769,600 Domestic Shares	0.12%	0.35%
Jianyin Investment ⁽¹⁾	Legal and beneficial owner	923,200 Domestic Shares	0.04%	0.12%
JIC Investment ⁽¹⁾	Legal and beneficial owner	923,200 Domestic Shares	0.04%	0.12%
China Investment Consulting ⁽¹⁾	Legal and beneficial owner	923,200 Domestic Shares	0.04%	0.12%
GIC	Legal and beneficial owner	272,631,835 H Shares	12.26%	19.09%
TPG ⁽²⁾	Legal and beneficial owner	171,749,719 H Shares	7.73%	12.02%
KKR Institutions Investments ⁽³⁾	Legal and beneficial owner	166,747,300 H Shares	7.50%	11.67%
I&G ⁽⁴⁾	Legal and beneficial owner	127,562,960 Domestic Shares	5.74%	16.05%
Mingly ⁽⁵⁾	Legal and beneficial owner	122,559,265 H Shares	5.51%	8.58%
Great Eastern ⁽⁶⁾	Legal and beneficial owner	83,373,650 H Shares	3.75%	5.84%
CIZJ Limited ⁽⁷⁾	Legal and beneficial owners	79,896,800 H Shares	3.59%	5.59%

(1) Each of Jianyin Investment, JIC Investment and China Investment Consulting is wholly owned by Huijin. Therefore, Huijin is deemed to be interested in the Domestic Shares held by Jianyin Investment, JIC Investment and China Investment Consulting for the purpose of the SFO.

(2) Each of TPG Asia GenPar V, L.P. (as general partner of TPG), TPG Asia GenPar V Advisors, Inc. (as general partner of TPG Asia GenPar V, L.P.), TPG Holdings I, L.P. (as general partner of TPG Asia GenPar V Advisors, Inc.), TPG Holdings I-A, LLC (as general partner of TPG Holdings I, L.P.), TPG Group Holdings (SBS), L.P. (as the sole member of TPG Holdings I-A, LLC and the sole member of TPG Holdings II-A, LLC), TPG Group Holdings (SBS) Advisors, Inc. (as general partner of TPG Group Holdings (SBS), L.P.), Mr. David Bonderman (one of our Directors) and Mr. James Coulter (each holds a 50% interest in TPG Group Holdings (SBS) Advisors, Inc.), as well as TPG Capital Management, L.P. (as the managing general partner of TPG), TPG Capital Advisors, LLC (as general partner of TPG Capital Management,

SUBSTANTIAL SHAREHOLDERS

- L.P.), TPG Holdings II Sub, L.P. (as the sole member of TPG Capital Advisors, LLC), TPG Holdings II, L.P. (as general partner of TPG Holdings II Sub, L.P.), TPG Holdings II-A, LLC (as general partner of TPG Holdings II, L.P.), is deemed to be interested in the H Shares held by TPG under the SFO. Mr. Bonderman and Mr. Coulter disclaim beneficial ownership of the H Shares held by TPG except to the extent of their pecuniary interest therein.
- (3) Each of KKR Associates Asia L.P. (as general partner of KKR Institutions Investments), KKR Associates Millennium L.P. (as general partner of KKR Institutions Investments), KKR Millennium GP LLC (as general partner of KKR Associates Millennium L.P.), KKR Asia Limited (Cayman Islands) (as general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole shareholder of KKR Asia Limited (Cayman Islands)), KKR Fund Holdings GP Limited (as general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in the H Shares held by KKR Institutions Investments under the SFO. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the H Shares held by KKR Institutions Investments.
 - (4) State Development & Investment Corporation (國家開發投資公司), a PRC state-owned enterprise, holds approximately 47.20% shares of I&G and is therefore deemed to be interested in the Domestic Shares held by I&G under the SFO.
 - (5) Mingly is held by certain, but not identical discretionary trusts as to 96.12%, of which CCM Trust (Cayman) Limited, LBJ Regents Limited and Dolios Limited are the corporate trustees and members of the classes of discretionary beneficiaries comprise the late Dr. Cha Chi Ming's issue.
 - (6) Oversea-Chinese Banking Corporation Limited holds 87.17% equity interest of Great Eastern Holdings Limited, which in turn holds 100% equity interest of Great Eastern. Each of Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are therefore deemed to be interested in the H Shares held by Great Eastern under the SFO.
 - (7) CIZJ Limited is a wholly-owned subsidiary of Cyan Amber Investment Limited, which is in turn wholly owned by Silk Road Fund Co., Ltd. Silk Road Fund Co., Ltd. is held by Chinese Parasol Investment Holding Company Ltd. as to 65%. Therefore each of Cyan Amber Investment Limited, Silk Road Fund Co., Ltd. and Chinese Parasol Investment Holding Company Ltd. is deemed to be interested in the H Shares held by CIZJ Limited under the SFO. The number of H Shares and percentage of shareholding of CIZJ Limited are calculated based on the Offer Price of HK\$9.70 (being the mid-point of the Offer Price range set out in this prospectus).

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, assuming the Over-allotment Option is fully exercised, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number and class of securities	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering
Huijin ⁽¹⁾	Legal and beneficial owner	656,193,871 Domestic Shares	28.45%	83.43%
	Interest of controlled corporation ⁽¹⁾	2,734,800 Domestic Shares	0.12%	0.35%
Jianyin Investment ⁽¹⁾	Legal and beneficial owner	911,600 Domestic Shares	0.04%	0.12%
JIC Investment ⁽¹⁾	Legal and beneficial owner	911,600 Domestic Shares	0.04%	0.12%
China Investment Consulting ⁽¹⁾	Legal and beneficial owner	911,600 Domestic Shares	0.04%	0.12%
GIC	Legal and beneficial owner	272,631,835 H Shares	11.82%	17.93%
TPG ⁽²⁾	Legal and beneficial owner	171,749,719 H Shares	7.45%	11.30%
KKR Institutions Investments ⁽³⁾	Legal and beneficial owner	166,747,300 H Shares	7.23%	10.97%
I&G ⁽⁴⁾	Legal and beneficial owner	127,562,960 Domestic Shares	5.53%	16.22%
Mingly ⁽⁵⁾	Legal and beneficial owner	122,559,265 H Shares	5.31%	8.06%
Great Eastern ⁽⁶⁾	Legal and beneficial owner	83,373,650 H Shares	3.61%	5.48%
CIZJ Limited ⁽⁷⁾	Legal and beneficial owners	79,896,800 H Shares	3.46%	5.26%

(1) Each of Jianyin Investment, JIC Investment and China Investment Consulting is wholly owned by Huijin. Therefore, Huijin is deemed to be interested in the Domestic Shares held by Jianyin Investment, JIC Investment and China Investment Consulting for the purpose of the SFO.

(2) Each of TPG Asia GenPar V, L.P. (as general partner of TPG), TPG Asia GenPar V Advisors, Inc. (as general partner of TPG Asia GenPar V, L.P.), TPG Holdings I, L.P. (as general partner of TPG Asia GenPar V Advisors, Inc.), TPG Holdings I-A, LLC (as general partner of TPG Holdings I, L.P.), TPG Group Holdings (SBS), L.P. (as the sole member of TPG Holdings I-A, LLC and the sole member of TPG Holdings II-A, LLC), TPG Group Holdings (SBS) Advisors, Inc. (as general partner of TPG Group Holdings (SBS), L.P.), Mr. David Bonderman (one of our Directors) and Mr. James Coulter

SUBSTANTIAL SHAREHOLDERS

(each holds a 50% interest in TPG Group Holdings (SBS) Advisors, Inc.), as well as TPG Capital Management, L.P. (as the managing general partner of TPG), TPG Capital Advisors, LLC (as general partner of TPG Capital Management, L.P.), TPG Holdings II Sub, L.P. (as the sole member of TPG Capital Advisors, LLC), TPG Holdings II, L.P. (as general partner of TPG Holdings II Sub, L.P.), TPG Holdings II-A, LLC (as general partner of TPG Holdings II, L.P.), is deemed to be interested in the H Shares held by TPG under the SFO. Mr. Bonderman and Mr. Coulter disclaim beneficial ownership of the H Shares held by TPG except to the extent of their pecuniary interest therein.

- (3) Each of KKR Associates Asia L.P. (as general partner of KKR Institutions Investments), KKR Associates Millennium L.P. (as general partner of KKR Institutions Investments), KKR Millennium GP LLC (as general partner of KKR Associates Millennium L.P.), KKR Asia Limited (Cayman Islands) (as general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole shareholder of KKR Asia Limited (Cayman Islands)), KKR Fund Holdings GP Limited (as general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in the H Shares held by KKR Institutions Investments under the SFO. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the H Shares held by KKR Institutions Investments.
- (4) State Development & Investment Corporation (國家開發投資公司), a PRC state-owned enterprise, holds approximately 47.20% shares of I&G and is therefore deemed to be interested in the Domestic Shares held by I&G under the SFO.
- (5) Mingly is held by certain, but not identical discretionary trusts as to 96.12%, of which CCM Trust (Cayman) Limited, LBJ Regents Limited and Dolios Limited are the corporate trustees and members of the classes of discretionary beneficiaries comprise the late Dr. Cha Chi Ming's issue.
- (6) Oversea-Chinese Banking Corporation Limited holds 87.17% equity interest of Great Eastern Holdings Limited, which in turn holds 100% equity interest of Great Eastern. Each of Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are therefore deemed to be interested in the H Shares held by Great Eastern under the SFO.
- (7) CIZJ Limited is a wholly-owned subsidiary of Cyan Amber Investment Limited, which is in turn wholly owned by Silk Road Fund Co., Ltd. Silk Road Fund Co., Ltd. is held by Chinese Parasol Investment Holding Company Ltd. as to 65%. Therefore each of Cyan Amber Investment Limited, Silk Road Fund Co., Ltd. and Chinese Parasol Investment Holding Company Ltd. is deemed to be interested in the H Shares held by CIZJ Limited under the SFO. The number of H Shares and percentage of shareholding of CIZJ Limited are calculated based on the Offer Price of HK\$9.70 (being the mid-point of the Offer Price range set out in this prospectus).

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see “Appendix VI — Statutory and General Information” to this prospectus.

RELATIONSHIP WITH HUIJIN

Huijin, is a state-owned investment company established in accordance with the PRC Company Law. Huijin, which is headquartered in Beijing, was established in December 2003 and mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the PRC Government. In September 2007, the Ministry of Finance issued special treasury bonds and acquired all the shares of Huijin from the PBOC. The acquired shares were injected into China Investment Corporation (“CIC”) as part of its initial capital contribution. However, Huijin’s principal shareholder rights are exercised by the State Council. The members of the board of directors and board of supervisors of Huijin are appointed by and are accountable to the State Council. In accordance with authorization by the State Council, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the PRC Government in accordance with applicable laws, and to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other business or commercial activity. It does not intervene in the day-to-day business operations of the enterprises in which it invests.

As of the Latest Practicable Date, Huijin directly and indirectly held approximately 43.35% of our total share capital in aggregate. Immediately following the completion of the Global Offering, Huijin will directly and indirectly hold approximately 30.01% of our total share capital, assuming the Over-allotment Option is not exercised (or approximately 28.57% if the Over-allotment Option is exercised in full). As a result, Huijin may be our controlling shareholder as defined under the Listing Rules of our Company after the completion of the Global Offering notwithstanding it does not intervene in the day-to-day business operations of the enterprises in which it invests in (including our Company). In support of the Listing, Huijin has undertaken to us on October 23, 2015, that:

- (a) so long as Huijin is deemed to be the controlling shareholder of our Company by any laws or listing rules of the PRC or places where our Shares are listed, it will not engage or participate in any competing securities business within or outside of the PRC; where Huijin has participated in or conducted any competing securities business or any business or activity that has developed into a competing securities business within or outside of the PRC, Huijin will immediately cease its participation in or management or operation of such competing securities business;
- (b) if Huijin obtains any governmental approval, authorization or license to operate securities business directly, or obtains any other opportunities to operate securities business, Huijin undertakes to forthwith relinquish such approval, authorization or license, and will not engage in any securities business;
- (c) notwithstanding the aforesaid undertakings (a) and (b), Huijin, as a state-owned investment vehicle established by the PRC Government that engages in investment in the financial industry, may, through other enterprises in which it invests in, engage or participate in competing securities business in any form (including but not limited to direct or indirect holding of shares or other interests of companies or enterprises) within or outside of the PRC, provided that such business activities shall follow the principle of fair market competition; and

RELATIONSHIP WITH HUIJIN

- (d) as a state-owned investment company established by the PRC Government that engages in investments in the financial industry, Huijin will treat the securities companies in which it invests in equally, and will not grant or provide to any such other securities companies any government approvals, authorizations, licenses or business opportunities with respect to the operation of securities business it has obtained or may obtain. In addition, it will not make use of its status as a controlling shareholder of our Company or the information it has received by virtue of such status to make any decisions or judgments in the interests of other securities companies in which it invests in to the detriment of our Company, and shall avoid the occurrence of such objective consequence. In exercising its rights as a controlling shareholder of our Company, Huijin will, as if our Company were the only securities company in which it invests in, exercise the rights of a controlling shareholder for the greatest or best interests of our Company, and will not, as a result of its investments in other securities companies, affect the exercise of its business judgments as our controlling shareholder for the greatest or best interests of our Company.

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date. See “Share Capital — Transfer of Shares Issued Prior to the Global Offering” and “Appendix IV — Summary of Principal Legal and Regulatory Provisions — The PRC Company Law, Special Regulations and Mandatory Provisions — Transfer of Shares” for further details. See also “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules — Undertakings by Huijin” for details of the lock-up undertaking given by Huijin pursuant to Rule 10.07 of the Listing Rules.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the following investors (the “Cornerstone Investors”, each a “Cornerstone Investor”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 400 H Shares) that may be purchased for an aggregate amount of US\$465,000,000 (or approximately HK\$3,603,750,000) (the “Cornerstone Placing”). Based on the Offer Price of HK\$9.12 (being the minimum price of the Offer Price range set out in this prospectus), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 395,146,000, representing approximately (i) 17.77% of the Shares in issue upon the completion of the Global Offering and 64.63% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 17.13% of the Shares in issue upon completion of the Global Offering and 56.20% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised. Based on the Offer Price of HK\$10.28 (being the maximum price of the Offer Price range set out in this prospectus), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 350,557,200, representing approximately (i) 15.77% of the Shares in issue upon the completion of the Global Offering and 57.34% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 15.20% of the Shares in issue upon completion of the Global Offering and 49.86% of the H Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Each of the Cornerstone Investors is an independent third party, is not our connected person (as defined under the Listing Rules), and is not an existing shareholder of our Company. In addition, each of the Cornerstone Investors is independent of each other, and makes independent investment decisions. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around November 6, 2015.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective cornerstone investment agreements. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder (as defined under the Listing Rules) of our Company. The Cornerstone Investors do not have any preferential rights compared with other public Shareholders in the respective cornerstone investment agreements. Pursuant to paragraph 4.2 of Practice Note 18 to the Listing Rules, in the event of over-subscription under the Hong Kong Public Offering, the number of International Offer Shares may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. In such event, the number of Offer Shares to be subscribed by the Cornerstone Investors may be reduced to satisfy the public demands under the Hong Kong Public Offering. Our Company has applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules. See “Structure of the Global Offering” for further details.

CORNERSTONE INVESTORS

CORNERSTONE INVESTORS

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount (US\$ in millions)	Based on the Offer Price of HK\$9.70 (being the mid-point of the Offer Price range)			
		Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the H Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is fully exercised)
CIZJ Limited.....	100	3.59%	3.46%	5.59%	5.26%
Baosteel Group Corporation	50	1.80%	1.73%	2.80%	2.63%
CGN Investment (HK) Co., Limited	50	1.80%	1.73%	2.80%	2.63%
China Mobile (Hong Kong) Group Limited.	50	1.80%	1.73%	2.80%	2.63%
Commercial Aircraft Corporation of China, Ltd.	50	1.80%	1.73%	2.80%	2.63%
Value Partners Hong Kong Limited	50	1.80%	1.73%	2.80%	2.63%
China Chengtong Holdings Group Limited.	30	1.08%	1.04%	1.68%	1.58%
CSR (Hong Kong) Co. Limited	30	1.08%	1.04%	1.68%	1.58%
Xinhua News Agency Investment Holdings Co., Ltd.....	30	1.08%	1.04%	1.68%	1.58%
The Prudential Insurance Company of America	25	0.90%	0.87%	1.40%	1.31%

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

CORNERSTONE INVESTORS

CIZJ Limited

CIZJ Limited (“CIZJ”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$100 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that CIZJ would subscribe for would be 79,896,800, representing approximately 3.59% of the Shares, and approximately 5.59% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CIZJ is a company organized in Hong Kong and principally engaged in investment holding. CIZJ is wholly owned by Silk Road Fund Co., Ltd. (絲路基金有限責任公司) (“SRF”), a limited liability company organized under the laws of the PRC. SRF is a medium to long-term development and investment fund, established on December 29, 2014. Its initial capital was contributed by the State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank. SRF invests in a broad spectrum of sectors including infrastructure, resources & energy, industry cooperation and financial cooperation.

Baosteel Group Corporation

Baosteel Group Corporation (“Baosteel Group”), through Baosteel Hong Kong Investment Company Limited which is its wholly-owned subsidiary, has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Baosteel Group would subscribe for would be 39,948,400, representing approximately 1.80% of the Shares, and approximately 2.80% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Baosteel Group is one of the super-scale iron and steel complexes with the highest level of modernization and the most complete varieties of steel in the world. With a registered capital of RMB 51.083 billion, it is a wholly state-owned enterprise (the SASAC performs the functions of investors on behalf of the State Council). Its scope of business covers: operation of the state-owned assets within the scope authorized by the State Council and development of related investment business; iron & steel; metallurgical mineral resources, chemicals (excluding dangerous materials), electric power, port construction, warehousing & transportation, other commercial activities related with iron & steel; technological development, technology transfer, technical services, technical management consultancy; import and export practices approved by the Ministry of Foreign Trade and Economic Cooperation, domestic and foreign trade (excluding special provisions) and its service, etc.. Baosteel Group is headquartered at 370 Pudian Road, Pudong New Area, Shanghai. Baosteel Group has five listed companies: Baoshan Iron & Steel Co., Ltd. (Stock Code: 600019), Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. (Stock Code: 600581), Shanghai Baosight Software Co., Ltd. (Stock Code: 600845) and Shanghai Baosteel Packaging Co., Ltd. (Stock Code: 601968) listed on the Shanghai Stock Exchange, and SGIS Songshan Co., Ltd. (Stock Code: 000717) listed on the Shenzhen Stock Exchange.

CORNERSTONE INVESTORS

CGN Investment (HK) Co., Limited

CGN Investment (HK) Co., Limited (“CGN Investment”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that CGN Investment would subscribe for would be 39,948,400, representing approximately 1.80% of the Shares, and approximately 2.80% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CGN Investment is a company incorporated in Hong Kong, which is wholly owned and controlled by China General Nuclear Power Corporation (“CGNPC”). CGN Investment’s principal activity includes capital markets investments. CGNPC is a leading global clean energy corporation. Its principal business activities include provision of: (i) clean power products, (ii) clean energy industry-related industrial products, (iii) clean energy industry-related professional services and (iv) other new energy products and related services. CGNPC has three subsidiaries listed on the Hong Kong Stock Exchange, namely, CGN Power Co., Ltd. (stock code 1816), CGN Mining Company Limited (stock code: 1164) and CGN Meiya Power Holdings Co., Ltd. (stock code: 1811).

China Mobile (Hong Kong) Group Limited

China Mobile (Hong Kong) Group Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that China Mobile (Hong Kong) Group Limited would subscribe for would be 39,948,400, representing approximately 1.80% of the Shares, and approximately 2.80% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

China Mobile (Hong Kong) Group Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of China Mobile Communications Corporation (“China Mobile”). China Mobile (Hong Kong) Group Limited’s principal business is investment holding. China Mobile (together with its subsidiaries) is the leading mobile telecommunication services provider in China, which operates nationwide mobile telecommunications networks in all 31 provinces, autonomous regions and directly administered municipalities in China and Hong Kong. China Mobile owns China Mobile Limited, whose shares are listed on the Stock Exchange (Stock Code: 941) and American Depositary Shares are listed on the New York Stock Exchange (Ticker: CHL).

Commercial Aircraft Corporation of China, Ltd.

Commercial Aircraft Corporation of China, Ltd. (“COMAC”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of

CORNERSTONE INVESTORS

HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that COMAC would subscribe for would be 39,948,400, representing approximately 1.80% of the Shares, and approximately 2.80% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

COMAC is a state-owned limited liability company, which is formed with the approval of the State Council. Its shareholders include SASAC, Shanghai Guo Sheng (Group) Co., Ltd., Aviation Industry Corporation of China and other enterprises. The principal business activities of COMAC include design, research and development, production, modification, testing, sales, maintenance, servicing of civil aircraft and related products, technological development and technical consulting services; leasing and financial services relating to production and sales of civil aircraft; operation of the export business of COMAC or COMAC's affiliated units; processing and production of aircraft parts; investment and financing, operation in foreign trade, international co-operation, contracting of foreign projects, and foreign technological and labor co-operation within its business scope.

Value Partners Hong Kong Limited

Value Partners Hong Kong Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Value Partners Hong Kong Limited would subscribe for would be 39,948,400, representing approximately 1.80% of the Shares, and approximately 2.80% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Value Partners Hong Kong Limited is a wholly-owned subsidiary of Value Partners Group Limited, a company listed on the Stock Exchange (Stock Code: 806). Value Partners Hong Kong Limited (together with other subsidiaries under Value Partners Group Limited, "Value Partners") was established in 1999. It acts as investment manager or investment advisor to certain investment funds. Value Partners is one of Asia's largest independent asset management firms headquartered in Hong Kong. Value Partners manages absolute return long-biased funds, long-short hedge funds, exchange-traded funds, quantitative funds, as well as fixed income products for institutional and individual clients in Asia Pacific, Europe and the United States.

China Chengtong Holdings Group Limited

China Chengtong Holdings Group Limited ("China Chengtong") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$30 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that China Chengtong would subscribe for would be 23,968,800, representing approximately 1.08% of the Shares, and approximately 1.68% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CORNERSTONE INVESTORS

China Chengtong is a large enterprise group under the supervision of the SASAC with more than 90 billion RMB's total assets, and belongs to the first batch of standard board-of-directors enterprises in the transformation of central enterprises authenticated by SASAC. It serves as a significant operating platform, contributing to structural and distributional adjustments and strategic recombination of central enterprises. The main businesses of China Chengtong are assets management, integrated logistic service, capital goods trade, production and exploitation of forestry-pulp papers. The group's business also operates in industries of human resources services, spot goods wholesale market, tourism, cultural, packaging and distribution of agricultural products.

China Chengtong owns more than a hundred subsidiaries in China, which include: (i) three companies listed on the Shanghai Stock Exchange, namely CMST Development Co., Ltd. (600787), Guangdong Guanhao High-Tech Co., Ltd. (600433) and Yueyang Forest & Paper Co., Ltd. (600963); (ii) one company listed on the Main Board of the Hong Kong Stock Exchange, namely China Chengtong Development Group Co., Ltd. (00217); and (iii) two companies listed on the Shenzhen Stock Exchange, namely Foshan Huaxin Packaging Co., Ltd. (200986) and MCC Meili Paper Industry Co., Ltd. (000815).

CSR (Hong Kong) Co. Limited

CSR (Hong Kong) Co. Limited ("CSR HK") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$30 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that CSR HK would subscribe for would be 23,968,800, representing approximately 1.08% of the Shares, and approximately 1.68% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CSR HK is a company incorporated in Hong Kong, which is wholly owned and controlled by CRRC Corporation Limited, a joint stock limited company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601766) and the Hong Kong Stock Exchange (stock code: 1766). CSR HK's principal activities include marketing, sales of products, trading, after-sales services and capital management. CRRC Corporation Limited is one of the largest rolling stock suppliers in the world. It supplies rolling stock products in series including high speed multiple units, high-powered electric locomotives, transit vehicles, heavy haul freight trains and high-end passenger carriages, and is also engaged in systematic and comprehensive research, development and manufacturing and other extended businesses.

Xinhua News Agency Investment Holdings Co., Ltd

Xinhua News Agency Investment Holdings Co., Ltd ("Xinhua News Agency Investment") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$30 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this

CORNERSTONE INVESTORS

prospectus, the total number of H Shares that Xinhua News Agency Investment would subscribe for would be 23,968,800, representing approximately 1.08% of the Shares, and approximately 1.68% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Xinhua News Agency Investment is a wholly owned subsidiary of Xinhua News Agency, which is a public institution directly under the State Council, a national news agency of the PRC and a global news agency, and a media institution covering various types of media. The principal businesses of Xinhua News Agency Investment are operation and management of the operating assets of Xinhua News Agency, industrial and equity investments.

The Prudential Insurance Company of America

The Prudential Insurance Company of America (“Prudential”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 400 H Shares) which may be purchased with an aggregate amount of US\$25 million at the Offer Price. Assuming an Offer Price of HK\$9.70, being the mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Prudential would subscribe for would be 19,974,000, representing approximately 0.90% of the Shares, and approximately 1.40% of the H Shares, in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Prudential is a life insurance company incorporated in New Jersey, United States. It is ultimately owned by Prudential Financial Inc., a financial services company listed on the New York Stock Exchange (NYSE: PRU). Prudential offers a variety of products and services, including life insurance, mutual funds, annuities, pension and retirement-related services and administration, asset management, and banking and trust services throughout the United States and has operations in Asia, Europe, and Latin America, in over 30 other countries.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in such agreements;
- (2) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (3) the Listing Committee having granted approval for the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked;

CORNERSTONE INVESTORS

- (4) the Offer Price having been agreed between our Company (for ourselves and on behalf of the Selling Shareholders) and the Underwriters; and
- (5) no Laws (as defined in the relevant cornerstone investment agreement) shall have been enacted or promulgated to prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or under the relevant cornerstone investment agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Underwriters' Representative, it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the shares subscribed for by it under the relevant cornerstone investment agreement and any shares or other securities of our Company derived therefrom (the "Relevant Shares") or any legal or beneficial interest in the Relevant Shares, or enter into any transactions, directly or indirectly, with the same economic effect as any transaction for such disposal of Relevant Shares or interest, or agree or contract to, or publicly announce any intention to enter into, any transaction for such disposal of the Relevant Shares or interest or any transactions with the same economic effect.

Each Cornerstone Investor may transfer the H Shares so subscribed for in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as transfer to a wholly owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly owned subsidiary undertakes, and such Cornerstone Investor undertakes to procure, that such wholly owned subsidiary agrees to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and subject to the restrictions on disposals imposed on the Cornerstone Investor.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

Before the Global Offering

As of the Latest Practicable Date, our share capital, comprising 1,667,473,000 Shares, was categorized as follows:

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
		(%)
Domestic Shares in issue	850,411,231	51.00
Unlisted Foreign Shares in issue	<u>817,061,769</u>	<u>49.00</u>
Total	<u><u>1,667,473,000</u></u>	<u><u>100.00</u></u>

Upon Completion of Global Offering

Immediately following completion of the Global Offering and conversion of the Unlisted Foreign Shares into H Shares, and assuming that the Over-allotment Option is not exercised, our share capital would be categorized as follows:

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
		(%)
Domestic Shares in issue	794,828,831	35.75
H Shares converted from Unlisted Foreign Shares.....	817,061,769	36.75
H Shares to be issued and sold under the Global Offering ...	<u>611,406,400</u>	<u>27.50</u>
Total	<u><u>2,223,297,000</u></u>	<u><u>100.00</u></u>

Immediately following completion of the Global Offering and conversion of the Unlisted Foreign Shares into H Shares, and assuming the Over-allotment Option is fully exercised, our share capital would be categorized as follows:

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
		(%)
Domestic Shares in issue	786,491,631	34.10
H Shares converted from Unlisted Foreign Shares.....	817,061,769	35.42
H Shares to be issued and sold under the Global Offering ...	<u>703,115,600</u>	<u>30.48</u>
Total	<u><u>2,306,669,000</u></u>	<u><u>100.00</u></u>

SHARE CAPITAL

Share Classes

Upon completion of the Global Offering and conversion of the Unlisted Foreign Shares into H Shares as further discussed below, we would have two classes of Shares: Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Domestic Shares and H Shares are regarded as different classes of shares under our Articles of Association. The differences between the two classes of shares and provisions on class rights, the despatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in “Appendix V — Summary of Articles of Association”. The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in “Appendix V — Summary of Articles of Association”. However, the procedures for approval by separate classes of Shareholders shall not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued Domestic Shares and H Shares; (ii) where our plan to issue Domestic Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval by the relevant regulatory authorities of the PRC, including the CSRC; and (iii) where the conversion of Domestic Shares for listing and trading on the Hong Kong Stock Exchange as H Shares has been approved by the securities approval authorities authorized by the State Council, including the CSRC.

Except for the differences above, Domestic Shares and H Shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

Conversion of Our Domestic Shares Into H Shares

Upon the completion of the Global Offering and the conversion of Unlisted Foreign Shares held by our existing foreign shareholders, we will have two classes of ordinary shares, namely H Shares and Domestic Shares. All our Domestic Shares are not listed or traded on any stock exchange. The holders of Domestic Shares may convert their Domestic Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have been approved by the securities regulatory authorities of the State Council, including the CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

SHARE CAPITAL

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Shares certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

See “Risk Factors — Risk Relating to the Global Offering — Future sales or perceived sales or conversion of substantial amounts of our securities in the public market including any future conversion of our Domestic Shares into H Shares, could adversely affect the market price of our H Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.”

So far as our Directors are aware, none of our Shareholders currently propose to convert any of their Domestic Shares into H Shares, except for the Domestic Shares to be converted and offered for sale by the Selling Shareholders in connection with the Global Offering in accordance with the relevant PRC regulations.

Transfer and Sale of State-owned Shares

In accordance with the Provisional Measures for the Administration of Reduction of State Share Holdings to Raise Funds for Social Security and other relevant rules, Huijin, Jianyin Investment, JIC Investment and China Investment Consulting which together held 722,848,271 Shares as of the Latest Practicable Date, representing 43.35% of our total issued share capital, are required to transfer to the NSSF, in proportion to their respective shareholdings in our Company, such number of Shares in aggregate equivalent to 10% of the number of the Offer Shares, being 55,582,400 Shares before the exercise of the Over-allotment Option, and an additional 8,337,200 Shares upon the exercise of the

SHARE CAPITAL

Over-allotment Option in full, or pay the equivalent cash at the Offer Price under the Global Offering, or a combination of both. At the time of listing of our H Shares on the Hong Kong Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. Neither we nor any of these state-owned Shareholders will receive any proceeds from the transfer of such Domestic Shares to the NSSF or the sale of the Sale Shares.

The transfer of state-owned Shares by the above state-owned Shareholders to the NSSF was approved by Ministry of Finance on July 15, 2015. The conversion of those Domestic Shares into H Shares was approved by the CSRC on July 29, 2015. Pursuant to a letter issued by the NSSF (She Bao Ji Jin Fa [2015] No. 139) on September 1, 2015, the NSSF instructed us to (i) arrange for the sale of the Sale Shares; and (ii) remit the proceeds from the sale of the Sale Shares to an account designated by the NSSF. Please see “Structure of the Global Offering — The Selling Shareholders.” We have been advised by Haiwen & Partners, our PRC legal advisors, that the transfer and sale described above and the conversion have been approved by the relevant PRC authorities and are legal under PRC law.

Conversion of Unlisted Foreign Shares Held by the Overseas Investors

Upon completion of the Global Offering, 817,061,769 Unlisted Foreign Shares in aggregate held by GIC, TPG, KKR Institutions Investments, Mingly and Great Eastern will be converted into H Shares on a one-for-one basis. The conversion of those Unlisted Foreign Shares into H Shares was approved by the CSRC on July 29, 2015 and an application has been made to the Listing Committee for such H Shares to be listed on the Hong Kong Stock Exchange.

Transfer of Shares Issued Prior to the Global Offering

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date. In addition, pursuant to the Guidelines No. 10 on Administrative Approval for Securities Companies — Increase and Change in Equity Interest of Securities Companies (證券公司行政許可審核工作指引第10號 — 證券公司增資擴股和股權變更), the 1,000,000 Shares held by each of Jianyin Investment, JIC Investment and China Investment Consulting respectively shall not be transferred within 48 months from April 2015. However, our Shares to be transferred by certain state-owned Shareholders to the NSSF in accordance with the relevant PRC regulations regarding the transfer of state-owned shares as described above are not subject to such restrictions.

See also “Underwriting — Undertaking Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules — Undertakings by Huijin” for details of the lock-up undertaking given by Huijin pursuant to Rule 10.07 of the Listing Rules.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial information included in “Appendix I—Accountants’ Report,” together with the accompanying notes. The consolidated financial information has been prepared in accordance with IFRS. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed here and elsewhere in this prospectus, particularly in “Risk Factors” and “Forward Looking Statements.”

OVERVIEW

We are a premier China-based investment bank with international reach. We have built a distinguished market presence with an excellent team, client base and brand name, which enables us to capture market opportunities. Our goal is to become a world-class financial institution with global influence.

Our principal business activities include (i) investment banking, (ii) equity sales and trading, (iii) FICC, (iv) wealth management and (v) investment management. We report our financial results in six reporting segments:

- *Investment banking:* We provide investment banking services, including equity financing, debt and structured financing and financial advisory services as well as NEEQ services, to clients in the PRC and overseas.
- *Equity sales and trading:* We provide a wide range of equity sales and trading services, including brokerage services and capital-based intermediary services, to institutional investors, including financial institutions, corporations and governmental entities.
- *FICC:* We engage in trading of financial products, including fixed-income, equities, currencies and commodities products, using our own capital, as well as for clients facilitation purposes. We also provide product structuring, fixed income distribution and futures brokerage services.
- *Wealth management:* We provide a wide range of wealth management products and services, consisting of advisory services, transactional services, capital-based intermediary services and product services, to high-net-worth individuals, family offices and corporate clients.
- *Investment management:* We design and provide a wide range of asset management products and services for domestic and overseas investors. We also manage mutual funds, private equity funds as well as funds of funds.

FINANCIAL INFORMATION

- *Others*: Our others segment consists primarily of the operations of other business departments and back offices.

BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with IFRS and include applicable disclosure required by the Hong Kong Listing Rules.

We prepared our consolidated financial statements on the historical cost basis except for certain financial assets and liabilities that are measured at fair value, as explained in the respective accounting policies set forth in the Accountants' Report in Appendix I to this prospectus.

Our financial statements consolidate the financial statements of our Company and the financial statements of our subsidiaries that are entities controlled by us. When assessing whether we have control over an entity, only substantive rights which we and other parties hold are considered. We control an entity when we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power over the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by our Company. All intra-group balances, transactions, cash flows and any unrealized gains arising from intra-group transactions are eliminated in full in consolidation. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment. Non-controlling interests in subsidiaries are presented separately from equity attributable to our equity holders/shareholders.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects.

Macroeconomic and Financial Market Conditions

Our results of operations and financial condition are significantly affected by general economic and financial market conditions of China and, to a lesser extent, Hong Kong and the rest of the world.

Favorable economic and market conditions include, among other factors, high GDP growth, liquid and efficient capital markets, reasonable levels of inflation, high investor confidence, stable geopolitical conditions, strong corporate earnings, rising personal wealth and regulatory reforms and innovations. Unfavorable economic and market conditions may result from declines in economic growth, business activities or investor confidence, decreased availability of, or increased cost of, credit and capital, significant inflation, increases in interest rates and volatility of exchange rates, outbreaks of hostilities or other geopolitical instability, corporate, political or other scandals, natural disasters or pandemics, or a combination of these or other factors.

FINANCIAL INFORMATION

Our business and profitability have been and will continue to be affected by financial market conditions in various ways. For example, our revenue generated from investment banking business, which primarily consists of underwriting and sponsoring fees and financial advisory fees, depends on the number and size of securities offerings and M&A transactions in which we participate and could therefore be adversely affected by downturns in economic and financial market conditions. Changes in the stock market, volatility of stock prices or changes in interest rates could affect the value of our clients' portfolios and their investing and trading activities, which in turn may affect our brokerage commission income. The investment advisory fees we receive in connection with our wealth management business may also be affected by changes in general economic conditions which may affect the accumulation of personal wealth of the general public and therefore influence the demand for our services. In addition, fluctuating securities prices could affect the value of the equity and fixed-income securities we hold for our principal investment, and we may incur investment losses due to the decline in securities prices. Furthermore, changes in economic and financial market conditions may impact our AUM and the performance of the assets or funds we manage, which could affect the management fees and performance fees that we can receive on our asset management services.

Interest Rate Environment

Our business and results of operations are affected by changes in interest rates in different ways:

- The changes in interest rates affect the value of our financial assets. An increase in interest rates could cause a decline in the fair value of fixed-income securities we invest in and adversely affect our average investment yield.
- Changes in interest rates would affect the amount of interest income we would earn on interest-earning assets and the amount of interest expenses we must pay on interest-bearing liabilities. Our interest-earning assets consist primarily of (i) cash deposited with banks and clearing houses, (ii) financial assets held under resale agreements, (iii) receivable from margin clients related to our margin financing and securities lending business and (iv) fixed-income securities. We make interest payments on (i) clients' deposits with us in connection with their brokerage trading, (ii) placements from financial institutions, (iii) financial assets sold under repurchase agreements, (iv) debt securities we issued, including subordinated bonds, notes, short-term commercial papers and beneficiary certificates. These interest expenses are directly linked to the prevailing market interest rates. During periods of rising interest rates, our interest expenses and financing costs would generally increase.
- A rise in interest rates could affect the ability or willingness of our corporate clients to raise funds from the debt market, which could affect the revenue generated by our debt underwriting business.

FINANCIAL INFORMATION

Interest rates in China are regulated by the PBOC. The PBOC has reduced benchmark interest rates eight times since June 2012, including the one-year lending rate reduced from 6.56% to 4.35%. We expect future changes in the interest rate environment, in particular, changes in PBOC benchmark interest rates, to continue to significantly affect our results of operations.

Exchange Rate Environment

The exchange rate of Renminbi against the U.S. dollar and other currencies is affected by, among other factors, changes in the PRC's and international political and economic conditions as well as the PRC Government's monetary policies. There has been an increasing demand for Renminbi in the international market as a result of the increased importance of China's economy to the global economy and the PRC Government's efforts to reform the Renminbi exchange rate regime and increase the flexibility of the exchange rates. Along with the accelerated internationalization of Renminbi and the development of China's capital markets, the investment demand through QFII and RQFII have achieved rapid growth. According to the SAFE, as of December 31, 2012, 2013 and 2014 and June 30, 2015, the approved investment quota for QFII was US\$37.2 billion, US\$49.5 billion, US\$67.2 billion and US\$75.5 billion, respectively. As of the same dates, the approved investment quota for RQFII was RMB67.0 billion, RMB157.5 billion, RMB299.7 billion and RMB390.9 billion, respectively. In addition, the Shanghai-Hong Kong Stock Connect was officially launched in November 2014, which allows PRC investors to trade stocks listed on the Hong Kong Stock Exchange and allows overseas investors to trade A shares on the Shanghai Stock Exchange.

A majority of our revenues and securities investments are denominated in Renminbi. Our revenues from and investments made in our overseas business are denominated in the U.S. dollar, Hong Kong dollar and other foreign currencies. As a result, changes in foreign exchange rates relative to Renminbi may result in foreign exchange gains or losses for us. The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On August 11, 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78% from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. We cannot predict how the Renminbi will fluctuate in the future. See "Risk Factors — Risks Relating to China — Future fluctuations in the value of Renminbi could have a material adverse effect on our financial condition and results of operations." For sensitivity analysis of currency risk, see "— Quantitative and Qualitative Analysis of Financial Risk — Market Risk — Currency Risk."

Regulatory Environment

We derive a majority of our revenue from our operations in China. As a result, our business and results of operations are subject to changes in policies, laws and regulations relating to the PRC securities industry.

FINANCIAL INFORMATION

The regulatory regime of the PRC securities industry has been evolving, and the CSRC and other regulatory authorities are committed to reforming the PRC securities industry with a view to improving capital markets and broadening the scope of new products and services. For example, from 2008 to 2014, the CSRC approved the launch of various new financial products and services offered by PRC securities firms, such as direct investment, margin financing and securities lending and Shanghai-Hong Kong Stock Connect. In order to encourage innovation in securities industry, the CSRC has issued various guidelines on product and service innovation.

In addition, the PRC regulatory authorities have also taken various measures to improve the capital efficiency and diversify the funding sources of PRC securities firms. In April 2012, the CSRC lowered the risk capital reserve requirements for principal investment, asset management and securities brokerage businesses of securities firms. As the capital-based intermediary businesses are capital intensive, the CSRC encourages securities firms to develop such businesses by replenishing capital through IPOs and follow-on offerings as well as issuing debt instruments. We expect the regulatory reforms undertaken by PRC regulatory authorities to continue to affect the PRC securities industry and our business, financial condition and results of operations.

We are also subject to overseas regulatory requirements in the jurisdictions where we operate, including but not limited to licensing requirements, capital requirements, anti-money laundering requirements and requirements related to economic sanctions. The overseas regulatory authorities conduct periodic inspections, examinations and inquiries in respect of compliance with such requirements. As a result, changes in overseas regulatory requirements as well as regulatory inspections and enforcements could increase costs or have an impact on our overseas operations, which may in turn affect our results of operations.

Competition

We face intense competition across our business lines from a large and diverse group of competitors. We principally compete with other securities firms in the securities markets of PRC and Hong Kong. We also face increasing competition from other financial institutions, such as commercial banks, insurance companies and Internet financial service providers. We compete with these competitors primarily in terms of transaction executive capability, capital and access to capital, products and services, pricing, risk management, reputation and professional talents. In addition, the gradual relaxation of PRC securities regulation and the tendency towards mixed operations in the PRC's financial industry may cause new competitors to enter into our industry or allow our current competitors to expand the scope of their business. It is possible for our competitors to offer similar services or lower prices to compete with us. For example, in recent years, we have experienced intense price competition in the brokerage business. Increased competition or an adverse change in our competitive position could result in a reduction of business and therefore a reduction of revenues and profits. Competition can also raise our costs of hiring and retaining professional staff.

FINANCIAL INFORMATION

Business Lines and Product Mix

We are a full-service investment bank. We have five principal business segments, including (i) investment banking, (ii) equity sales and trading, (iii) FICC, (iv) wealth management, and (v) investment management. Our operating margins vary across different business segments as well as different products and services in each business segment. Our product mix and changes in such mix, which reflect our business strategies, market conditions, client demands and other factors, may affect our revenue and profitability from time to time.

Underwriting and sponsoring fees, investment income and brokerage commission income were the three largest components of our total revenue and other income during the Track Record Period. In the same period, our asset management fees and interest income experienced a substantial growth. The profit contribution from each of our business lines may vary each year based on the general economic and financial market conditions and we believe that our diversified product mix and revenue sources enable us to adapt to the changes of financial market conditions.

With a view to increasing our revenue and profitability, we intend to closely monitor and adjust our product mix across our principal business segments and to further expand our product and service offerings. Our financial condition and performance could be affected by our ability to offer new products and services, to transact business with new clients and counterparties, to manage new asset classes and to engage in new markets.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates significant to the preparation of our financial information in accordance with IFRS. The Accountants' Report in Appendix I to this prospectus sets forth these significant accounting policies in Note 3, which are important for an understanding of our financial condition and results of operations.

Certain of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in Note 4 of our historical financial information set forth in the Accountants' Report in Appendix I to this prospectus. Our estimates and associated assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Our management has identified below the accounting policies, estimates and judgments that they believe are the most critical to the preparation of our financial statements. We are not aware of any event or circumstance that, as of the Latest Practicable Date, would cause us to adjust our accounting estimates and assumptions.

FINANCIAL INFORMATION

Significant Accounting Policies

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized in profit or loss, when it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably, according to the following criteria:

- Our underwriting and sponsoring fees, financial advisory fees and investment advisory fees are recognized in profit or loss when the relevant services are provided.
- Asset management fees are recognized when we are entitled to receive the fees pursuant to the asset management agreement.
- Brokerage commission income includes commission income from brokerage trading of securities and leasing out trading seats. Commission income from brokerage trading of securities is recognized on the trade date. Commission income from leasing out trading seats is recognized on an accrual basis.
- Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.
- Interest income is recognized in profit or loss using the effective interest method. The effective interest method is a method which calculates the amortized cost of a financial asset or a financial liability and recognizes the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to net carrying amount of the financial instrument. When we calculate the effective interest rate, we estimate cash flows taking into account all contractual terms of the financial instrument (including prepayment, call and similar options) but do not consider future credit losses. The calculation of the effective interest rate includes all fees paid or received between the parties to the contract, transaction costs and all discounts or premiums that are an integral part of the effective interest rate.

Recognition and Measurement of Financial Assets and Liabilities

A financial asset or financial liability is recognized in the statements of financial position when we become a party to the contractual provisions of a financial instrument. Our financial assets and liabilities are classified into the following categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: (i) financial assets and financial liabilities at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, (iv) available-for-sale financial assets, and (v) other financial liabilities.

FINANCIAL INFORMATION

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss. For other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs.

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Financial assets and liabilities at fair value through profit or loss comprise (i) financial assets and liabilities held for trading and (ii) financial instruments designated at fair value through profit or loss. A financial asset or financial liability is classified at fair value through profit or loss if (i) it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, (ii) it is a financial instrument managed in a pattern of short-term profit taking, (iii) it is a derivative, or (iv) it is designated at fair value through profit or loss.

Financing assets and financial liabilities are designated as at fair value through profit or loss upon initial recognition when:

- the financial assets or financial liabilities are managed, evaluated and reported internally on a fair value basis;
- such designation eliminates or significantly reduces the discrepancies in the recognition or measurement of relevant gains or losses on the financial assets or financial liabilities, which arise from the different basis of measurement of such financial assets or financial liabilities;
- the financial asset or financial liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivative from the financial instrument is prohibited.

After the initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, without any deduction for transaction costs that may occur on sale, and changes therein are recognized in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. After the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that we have the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or available-for-sale upon the initial recognition nor meet the definition of loans and receivables.

FINANCIAL INFORMATION

Held-to-maturity investments are carried at amortized cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent us from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sale or reclassification that is so close to maturity that changes in the market interest rate would not have a significant effect on the financial asset's fair value;
- sale or reclassification after we have collected substantially all of the asset's original principal; or
- sale or reclassification that is attributable to non-recurring isolated events beyond our control that could not have been reasonably anticipated.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as any other category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities the fair value of which cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after the initial recognition.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when we become entitled to the dividend. Impairment losses are recognized in profit or loss.

Other fair value changes, other than impairment losses, are recognized in other comprehensive income and presented in the investment revaluation reserve within equity. When the investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Other Financial Liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities. After the initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Financial Assets Held under Resale Agreements and Financial Assets Sold under Repurchase Agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statement of financial position at amortized cost.

FINANCIAL INFORMATION

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortized cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognized respectively as interest income and interest expense over the life of each agreement using the effective interest method.

Significant Accounting Estimates and Judgments

Fair Value of Financial Instruments

Financial instruments at fair value through profit or loss and available-for-sale investments are measured at fair value at the end of the reporting period and it is usually possible to determine their fair values within a reasonable range of estimates.

For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(d)(ii) of the Accountants' Report in Appendix I to this prospectus. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment, depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Financial Asset and Liability Classification

Our accounting policies provide the scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as “held for trading”, we have determined that it meets the definition of financial assets and liabilities held for trading set out in Note 3(d)(i) of the Accountants' Report in Appendix I to this prospectus.
- In designating financial assets or liabilities at fair value through profit or loss, we have determined that it has met one of the criteria for this designation set out in Note 3(d)(i) of the Accountants' Report in Appendix I to this prospectus.
- In classifying financial assets as held-to-maturity, we have determined that it has both the positive intent and ability to hold the assets until their maturity date as required by accounting policy set out in Note 3(d)(i) of the Accountants' Report in Appendix I to this prospectus. In evaluating whether requirements to classify a financial asset as held-to-maturity are met, our management makes significant judgments. Failure in correctly assessing our intent and ability to hold specific investments until maturity may result in reclassification of the whole portfolio as available-for-sale.

FINANCIAL INFORMATION

Impairment of Available-for-sale Investments

For available-for-sale investments, a significant or prolonged decline in fair value is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant or prolonged. In making this judgment, the historical data on market volatility as well as in the price of the specific investment are taken into account. We also take into account other factors, such as industry and sector performance and financial information regarding the investee. We consider a decline to be significant if the fair value of the investment drops below its initial cost by 20% or more and to be prolonged if the fair value of the investment remains below its cost for one year or longer.

Impairment of Receivables

Receivables that are measured at amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to our attention about loss events such as a significant decline in the estimated future cash flow of an individual debtor and other factors. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognized in prior years is reversed.

Impairment of Non-financial Assets

Non-financial assets are reviewed at the end of each reporting period to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset or a group of assets is the greater of (i) its fair value less costs of disposal, and (ii) its value in use. In assessing value in use, significant judgments are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

Income Tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. We carefully evaluate tax implications of transactions and make tax provisions accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all tax legislations. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

FINANCIAL INFORMATION

Determination of Consolidation Scope

All facts and circumstances must be taken into consideration in the assessment of whether we, as an investor, control the investee. The principle of control includes three elements: (i) power over the investee, (ii) exposure, or rights, to variable returns from involvement with the investee, and (iii) the ability to use power over the investee to affect the amount of investors' returns. We reassess whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the above-mentioned three elements of control.

For asset management schemes that we act as investment manager, we assess whether the combination of investments we hold (if any) together with the management fee we receive creates an exposure to variability of returns from the asset management schemes which is of such significance indicating that we are a principal. The asset management scheme shall be consolidated if we act in the role of principal.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Total Revenue and Other Income

Our total revenue and other income consist primarily of fee and commission income, interest income, investment income and other income.

Fee and Commission Income

Our fee and commission income consists primarily of (i) brokerage commission income, which we generate on brokerage trading of stocks, bonds, funds, derivatives and futures on behalf of our clients in connection with our equity sales and trading, FICC and wealth management businesses, (ii) underwriting and sponsoring fees for our securities underwriting and sponsoring services in our investment banking business, (iii) financial advisory fees for providing financial advisory services in our investment banking business, (iv) investment advisory fees for providing investment advisory services to our clients in our equity sales and trading business and wealth management business, and (v) asset management fees we receive in connection with our investment management business.

Interest Income

We generate interest income primarily from (i) our own deposits and deposits we hold on behalf of our brokerage clients with banks and other financial institutions, (ii) margin financing and securities lending, and (iii) financial assets held under resale agreements.

We enter into resale agreements with counterparties (such as our clients as well as banks and other financial institutions), under which we are entitled to receive interest income by purchasing financial assets (such as bonds, notes and stocks) from the counterparty and agreeing to resell such assets back to the counterparty at a predetermined price on the maturity date of the resale agreement.

FINANCIAL INFORMATION

Investment Income

Our investment income primarily consist of (i) net gains or losses from our financial instruments at fair value through profit or loss, (ii) net gains or losses from our available-for-sale financial assets, and (iii) net gains or losses from derivative financial instruments.

Our net gains or losses from available-for-sale financial assets consist of (i) net gains or losses on disposal of these assets, and (ii) dividend and interest income from these assets.

Our net gains or losses from derivative financial instruments, primarily including stock index futures, equity return swaps and interest rate swaps, consist of gains or losses on disposal of these financial instruments and changes in fair value of these financial instruments.

Other Income

Our other income consists primarily of tax refunds and government grants. Tax refunds represent the service fees that local tax authorities pay to us for withholding individual income taxes for our employees. We receive government grants, primarily including local government subsidies intended to support our business operations. As our government grants are non-recurring in nature, we cannot assure you that we will continue to receive them in the future.

Total Expenses

Our total expenses consist of staff costs, interest expenses, fee and commission expenses, other operating expenses, depreciation and amortization expenses, business tax and surcharges and impairment losses. Historically, staff costs have been the largest component of our total expenses.

Staff Costs

Our staff costs consist primarily of (i) salaries, bonuses and allowances, (ii) retirement scheme contributions, (iii) other social welfare, and (iv) other benefits.

Interest Expenses

Our interest expenses consist primarily of (i) interest expenses on clients' deposits we hold on behalf of our customers, (ii) interest expenses on financial assets sold under repurchase agreements, (iii) interest expenses on placements from banks and other financial institutions, and (iv) interest expenses on subordinated bonds, notes, short-term commercial papers and beneficiary certificates that we issued.

We enter into repurchase transactions with counterparties (primarily including banks and other financial institutions), under which we incur interest expenses by selling our financial assets (such as bonds and notes) to the counterparty and agreeing to repurchase such assets at a predetermined price on the maturity date of the repurchase agreement.

FINANCIAL INFORMATION

We obtain placements from China Securities Finance to fund our margin financing and securities lending business and have short-term placements from other financial institutions from time to time for our liquidity management purpose and pay interests on such borrowings. We also raised funds through capital markets by issuing subordinated bonds, notes, short-term commercial papers and beneficiary certificates, and pay interests on such debt instruments.

Fee and Commission Expenses

Our fee and commission expenses consist of (i) brokerage expenses, which are charged by the stock exchanges and other authorized institutions for using their transaction and settlement systems, (ii) underwriting and sponsoring expenses, consisting primarily of commission we pay to other financial institutions for distributing securities we underwrite and various expenses related to transaction execution, and (iii) other fee and commission expenses, which consist primarily of consulting fees we pay to third parties.

Other Operating Expenses

Our other operating expenses consist primarily of business development expenses, operating lease charges in respect of buildings and equipment, information technology expenses, professional service fees, traveling and transportation expenses and contributions to the Securities Investor Protection Fund.

Business Tax and Surcharges

During the Track Record Period, the business tax rate applicable to us and our domestic subsidiaries was 5%, and the urban maintenance and construction tax, education surcharge and local education surcharge were charged at 7%, 3% and 2% of business tax, respectively.

Depreciation and Amortization Expenses

Our depreciation and amortization expenses relate primarily to depreciation of our properties and equipment and amortization of our intangible assets and expenses related to subordinated bonds.

Provision/(Reversal) for Impairment Losses

We made provision of RMB25.5 million in 2013 in accordance with our accounting policies, consisting of (i) a provision of impairment losses against available-for-sale financial assets of RMB18.7 million for certain private equity investments, the value of which dropped by more than 20% compared with the investment costs, and (ii) a provision of impairment losses of RMB6.8 million against our accounts receivable in connection with commission and fees which had been outstanding for more than one year and the collectability of which had become doubtful.

FINANCIAL INFORMATION

We made a provision of RMB31.6 million in 2014 in accordance with our accounting policies for our accounts receivable primarily in connection with commission and fees for our services which had been outstanding for more than one year and the collectability of which had become doubtful.

We had a reversal for impairment losses of RMB8.1 million for the six months ended June 30, 2015 primarily due to our collection of a portion of accounts receivable which were determined to be impaired in previous years.

Income Tax Expense

During the Track Record Period, our Company and our PRC subsidiaries were subject to an EIT rate of 25% in accordance with the EIT Law. Our Hong Kong subsidiaries were subject to a tax rate of 16.5% on their assessable profit. Our other overseas subsidiaries were subject to taxes charged at the relevant local rates. Our effective income tax rate was 32.7%, 26.2%, 25.7% and 24.9% in 2012, 2013, 2014 and for the six months ended June 30, 2015, respectively. As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes with the relevant tax authorities in China or other jurisdictions.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table sets forth our summary results of operations for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Revenue					
Fees and commission income....	2,975.6	2,994.2	4,151.9	1,391.4	3,118.9
Interest income.....	261.9	325.3	449.8	196.2	419.1
Investment income.....	814.4	707.3	1,526.8	757.3	1,313.7
Other income.....	47.2	38.0	27.3	14.1	29.4
Total revenue and other income.	4,099.1	4,064.8	6,155.8	2,359.0	4,881.0
Expenses					
Fee and commission expenses.....	150.0	168.3	227.8	60.5	148.0
Interest expenses.....	514.7	644.4	742.1	350.3	510.1
Staff costs.....	1,783.4	1,684.4	2,555.5	943.4	2,108.9
Depreciation and amortization expenses.....	148.8	110.3	59.9	34.5	23.5
Business tax and surcharges.....	179.1	176.3	248.0	89.4	196.7
Other operating expenses.....	908.0	803.0	852.8	361.3	425.6
Provision/(reversal) for impairment losses.....	—	25.5	31.6	35.3	(8.1)
Total expenses.....	3,684.0	3,612.2	4,717.7	1,874.6	3,404.8
Operating profit.....	415.1	452.6	1,438.1	484.4	1,476.3
Share of profits and losses of associates and joint ventures.....	42.2	48.9	67.8	11.8	36.2
Profit before income tax.....	457.3	501.5	1,505.9	496.2	1,512.4
Income tax expense.....	149.5	131.4	387.4	129.0	376.3
Profit for the year/period.....	307.7	370.1	1,118.5	367.2	1,136.1
Attributable to equity holders/Shareholders of our Company.....	307.7	370.1	1,118.5	367.2	1,136.1
Attributable to non-controlling interests.....	0.0	—	—	—	—

FINANCIAL INFORMATION

Total Revenue and Other Income

Our total revenue and other income increased by 51.4% to RMB6,155.8 million in 2014 from RMB4,064.8 million in 2013, which slightly decreased by 0.8% from RMB4,099.1 million in 2012. Our total revenue and other income increased by 106.9% to RMB4,881.0 million for the six months ended June 30, 2015 from RMB2,359.0 million for the same period of 2014.

Fee and Commission Income

The following table sets forth the breakdown of our fee and commission income for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Brokerage commission income	1,112.3	1,287.9	1,408.9	534.1	1,514.6
Underwriting and sponsoring fees	1,058.8	817.0	1,753.1	525.1	968.8
Financial advisory fees	382.3	351.8	208.5	47.7	194.4
Investment advisory fees	120.0	161.3	258.2	100.0	79.8
Asset management fees	302.1	376.1	523.2	184.6	361.3
Total	<u>2,975.6</u>	<u>2,994.2</u>	<u>4,151.9</u>	<u>1,391.4</u>	<u>3,118.9</u>

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our fee and commission income increased by 124.2% to RMB3,118.9 million for the six months ended June 30, 2015 from RMB1,391.4 million for the same period of 2014, primarily due to increases in brokerage commission income, underwriting and sponsoring fees, asset management fees and financial advisory fees.

Our brokerage commission income increased by 183.6% to RMB1,514.6 million for the six months ended June 30, 2015 from RMB534.1 million for the same period of 2014, primarily due to the increased trading volume of stocks and funds by our clients which reflected active trading activities by investors in the first half of 2015. The trading turnover of stocks and funds by our brokerage clients in the PRC significantly increased to RMB1,498.1 billion in the six months ended June 30, 2015 from RMB346.8 billion in same period of 2014. Our average securities brokerage commission rate in the PRC for the six months ended June 30, 2015 was 0.079% as compared to 0.099% for the same period of 2014. The trading turnover by our brokerage clients in Hong Kong increased by 55.3% to HK\$197.1 billion in the six months ended June 30, 2015 from HK\$126.9 billion in the same period of 2014. Our average securities brokerage commission rate in Hong Kong was 0.172% for the six months ended June 30, 2015 as compared to 0.170% for the same period of 2014.

FINANCIAL INFORMATION

Our underwriting and sponsoring fees increased by 84.5% to RMB968.8 million for the six months ended June 30, 2015 from RMB525.1 million for the same period of 2014, primarily due to increased underwriting and sponsoring fees from equity offering transactions as a result of the increases in the number of and the transaction value of equity financing transactions we underwrote in the six months ended June 30, 2015.

Our asset management fees increased by 95.7% to RMB361.3 million for the six months ended June 30, 2015 from RMB184.6 million for the same period of 2014, primarily due to an increase in our AUM of our asset management, mutual fund and private equity businesses.

Our financial advisory fees significantly increased to RMB194.4 million for the six months ended June 30, 2015 from RMB47.7 million for the same period of 2014, primarily due to an increase in revenue recognized by us for M&A transactions that we completed in the first half of 2015.

Comparison between 2014 and 2013

Our fee and commission income increased by 38.7% to RMB4,151.9 million in 2014 from RMB2,994.2 million in 2013, primarily due to increases in underwriting and sponsoring fees, asset management fees, brokerage commission income and investment advisory fees. These increases were partially offset by a decrease in financial advisory fees.

Our underwriting and sponsoring fees increased by 114.6% to RMB1,753.1 million in 2014 from RMB817.0 million in 2013, primarily due to (i) increased underwriting and sponsoring fees from equity offering transactions as a result of the increases in the number of and the transaction value of equity financing transactions we underwrote in 2014, and (ii) increased underwriting and sponsoring fees from debt offering transactions, both of which reflected the favorable market conditions in 2014.

Our asset management fees increased by 39.1% to RMB523.2 million in 2014 from RMB376.1 million in 2013, primarily due to (i) an increase in our AUM in line with the growth in our asset management and mutual fund businesses, and (ii) an increase in our performance fees we received as a result of an overall increase in returns of our asset management products, which reflected the favorable performance of the domestic stock and bond markets in 2014.

Our brokerage commission income increased by 9.4% to RMB1,408.9 in 2014 from RMB1,287.9 in 2013, primarily due to increased trading turnover of stocks and funds, reflecting the active trading by clients in the domestic and Hong Kong stock markets in 2014, which was partially offset by slight decreases in our average securities brokerage commission rates in the PRC and Hong Kong. The trading turnover of stocks and funds by our brokerage clients in the PRC increased by 34.9% to RMB1,060.0 billion in 2014 from RMB785.5 billion in 2013 and the trading turnover by our brokerage clients in Hong Kong increased by 14.2% to HK\$282.2 billion in 2014 from HK\$247.1 billion in 2013. Our average securities brokerage commission rate in the PRC decreased to 0.092% in 2014 compared to 0.106% in 2013 and our average securities brokerage commission rate in Hong Kong decreased to 0.168% in 2014 compared to 0.188% in 2013.

FINANCIAL INFORMATION

Our investment advisory fees increased by 60.1% to RMB258.2 million in 2014 from RMB161.3 million in 2013, primarily due to growth in the investment advisory and referral services we provided to our clients.

Our financial advisory fees decreased by 40.7% to RMB208.5 million in 2014 from RMB351.8 million in 2013. The aggregate transaction amount of M&A transactions that we acted as financial advisor and were announced in 2014 was US\$97.4 billion compared to an aggregate transaction amount of US\$16.5 billion for the M&A transactions that we advised and were announced in 2013. The revenue on some M&A transactions which were announced in 2014 will be recognized in the following years.

Comparison between 2013 and 2012

Our fee and commission income slightly increased by 0.6% to RMB2,994.2 million in 2013 from RMB2,975.6 million in 2012, primarily due to increases in brokerage commission income and asset management fees, which were partially offset by decreases in underwriting and sponsoring fees and financial advisory fees.

Our brokerage commission income increased by 15.8% to RMB1,287.9 million in 2013 from RMB1,112.3 million in 2012, primarily due to an increase in the trading turnover of our brokerage clients in the domestic and Hong Kong stock markets, which was partially offset by slight decreases in our average securities brokerage commission rates in the PRC and Hong Kong. The trading turnover of stocks and funds by our brokerage clients in the PRC increased by 25.1% to RMB785.5 billion in 2013 from RMB627.7 billion in 2012 and the trading turnover by our brokerage clients in Hong Kong increased by 12.2% to HK\$247.1 billion in 2013 from HK\$220.3 billion in 2012. Our average securities brokerage commission rate in the PRC in 2013 was 0.106% as compared to 0.108% in 2012. Our average securities brokerage commission rate in Hong Kong was 0.188% in 2013 as compared to 0.204% in 2012.

Our asset management fees increased by 24.5% to RMB376.1 million in 2013 from RMB302.1 million in 2012, primarily due to an increase in the AUM of our asset management business, in particular the increase in enterprise annuity plans, and the increase in the AUM of the private equity funds.

Our underwriting and sponsoring fees decreased by 22.8% to RMB817.0 million in 2013 from RMB1,058.8 million in 2012, primarily due to (i) a decrease in the number of domestic IPOs that we underwrote in 2013 in line with decreased IPO activities in China as a result of the slowdown of regulatory approval for new listings, and (ii) the weak willingness of corporate clients to conduct equity and debt financing attributable to the weak performance of stock and bond markets in the PRC and Hong Kong.

Our financial advisory fees decreased by 8.0% to RMB351.8 million in 2013 from RMB382.3 million in 2012, primarily due to a decrease in transaction amount of the M&A transactions completed in 2013 compared to 2012.

FINANCIAL INFORMATION

Interest Income

The following table sets forth our interest income for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Interest income from financial institutions.....	211.6	176.7	181.5	74.4	158.4
Interest income from margin financing and securities lending	36.0	89.5	181.1	80.2	220.8
Interest income from financial assets held under resale agreements	14.3	59.0	86.3	41.3	39.8
Others	0.0	0.1	0.9	0.3	0.1
Total.....	<u>261.9</u>	<u>325.3</u>	<u>449.8</u>	<u>196.2</u>	<u>419.1</u>

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our interest income increased by 113.6% to RMB419.1 million for the six months ended June 30, 2015 from RMB196.2 million for the same period of 2014, primarily due to increases in interest income from margin financing and securities lending and interest income from financial institutions.

Our interest income from margin financing and securities lending increased by 175.4% to RMB220.8 million for the six months ended June 30, 2015 from RMB80.2 million for the same period of 2014, primarily due to our clients' increased demand for margin financing and securities lending under the favorable domestic stock market conditions from January to mid-June of 2015.

Our interest income from financial institutions increased by 112.9% to RMB158.4 million for the the six months ended June 30, 2015 from RMB74.4 million for the same period of 2014, primarily due to an increase in the deposits we held on behalf of our brokerage clients.

Comparison between 2014 and 2013

Our interest income increased by 38.3% to RMB449.8 million in 2014 from RMB325.3 million in 2013, primarily due to increases in our interest income from margin financing and securities lending and interest income from financial assets held under resale agreements.

FINANCIAL INFORMATION

Our interest income from margin financing and securities lending increased by 102.3% to RMB181.1 million in 2014 from RMB89.5 million in 2013, primarily due to our increased capital allocation to the margin financing and securities lending business to meet the market demand for such services. Our interest income from financial assets held under resale agreements increased by 46.3% to RMB86.3 million in 2014 from RMB59.0 million in 2013, primarily due to an increase in our short-term financing to clients through stock-based lending transactions.

Comparison between 2013 and 2012

Our interest income increased by 24.2% to RMB325.3 million in 2013 from RMB261.9 million in 2012, primarily due to increases in interest income from financial assets held under resale agreements and interest income from margin financing and securities lending. These increases were partially offset by a decrease in interest income from financial institutions.

Interest income from financial assets held under resale agreements significantly increased to RMB59.0 million in 2013 from RMB14.3 million in 2012, primarily due to increases in our stock-based lending transactions with clients and our own resale transactions with financial institutions.

Interest income from margin financing and securities lending increased by 148.6% to RMB89.5 million in 2013 from RMB36.0 million in 2012, primarily due to (i) increased market demand for margin financing and securities lending services, and (ii) our increased capital allocation to develop our capital-based intermediary businesses.

Our interest income from financial institutions decreased by 16.5% to RMB176.7 million in 2013 from RMB211.6 million in 2012, primarily due to a decrease in our cash balance held on behalf of brokerage clients, which reflected decreased client trading activities attributable to the weak performance of domestic stock markets in 2013.

FINANCIAL INFORMATION

Investment Income

The following table sets forth our investment income for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Net gains from disposal of available-for-sale financial assets.....	1.6	47.0	19.9	4.6	14.7
Dividend income and interest income from available-for-sale financial assets	—	1.2	—	—	12.9
Net gains from financial instruments at fair value through profit or loss	731.0	465.7	1,537.1	539.2	3,486.6
Net gains/(losses) from derivative financial instruments.....	81.8	193.5	(30.2)	213.6	(2,200.4)
Total.....	<u>814.4</u>	<u>707.3</u>	<u>1,526.8</u>	<u>757.3</u>	<u>1,313.7</u>

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our investment income increased by 73.5% to RMB1,313.7 million for the six months ended June 30, 2015 from RMB757.3 million for the same period of 2014, primarily reflecting (i) an increase in net gains we made from our principal investment, and (ii) an increase in gains we earned from total return swap transactions with our clients as a result of the growth of this business.

We recorded a net loss of RMB2,200.4 million from derivative financial instruments primarily due to an increase in the amount payable to clients under our total return swap transactions as the prices of the reference stocks underlying such transactions increased in the six months ended June 30, 2015. When we enter into total return swap transactions with clients, we usually purchase and hold a position of the reference stocks to manage our exposure to the payables to clients under such transactions. As a result, we earned net gains from our position of the reference stocks in the six months ended June 30, 2015, which were recorded in the net gains from financial instruments at fair value through profit or loss.

FINANCIAL INFORMATION

Comparison between 2014 and 2013

Our investment income increased by 115.9% to RMB1,526.8 million in 2014 from RMB707.3 million in 2013, primarily reflecting a RMB1,071.4 million increase in net gains from financial instruments at fair value through profit or loss, primarily attributable to the favorable performance of domestic stock and bond markets. The increase was partially offset by a RMB30.2 million net loss from derivative financial instruments in 2014 compared to a RMB193.5 million net gain from derivative financial instruments in 2013, primarily reflecting the price fluctuations of futures products which we held for our principal investment.

Comparison between 2013 and 2012

Our investment income decreased by 13.1% to RMB707.3 million in 2013 from RMB814.4 million in 2012, primarily reflecting a RMB265.4 million decrease in net gains from financial instruments at fair value through profit or loss, primarily attributable to the weak performance of domestic stock and bond markets in 2013. The decrease was partially offset by (i) a RMB111.7 million increase in net gains from derivative financial instruments, primarily reflecting the price fluctuations of futures products which we held for our principal investment, and (ii) a RMB45.4 million increase in net gains from disposal of available-for-sale financial assets, primarily attributable to the returns from our private equity portfolio in 2013.

Total Expenses

The following table sets forth the breakdown of our total expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Staff costs.....	1,783.4	1,684.4	2,555.5	943.4	2,108.9
Interest expenses.....	514.7	644.4	742.1	350.3	510.1
Fee and commission expenses.....	150.0	168.3	227.8	60.5	148.0
Depreciation and amortization expenses.....	148.8	110.3	59.9	34.5	23.5
Business tax and surcharges.....	179.1	176.3	248.0	89.4	196.7
Other operating expenses.....	908.0	803.0	852.8	361.3	425.6
Provision/(reversal) for impairment losses.....	—	25.5	31.6	35.3	(8.1)
Total	<u>3,684.0</u>	<u>3,612.2</u>	<u>4,717.7</u>	<u>1,874.6</u>	<u>3,404.8</u>

FINANCIAL INFORMATION

Our total expenses increased by 30.6% to RMB4,717.7 million in 2014 from RMB3,612.2 million in 2013, which decreased by 2.0% from RMB3,684.0 million in 2012. Our total expenses increased by 81.6% to RMB3,404.8 million for the six months ended June 30, 2015 from RMB1,874.6 million for the same period of 2014. Staff costs, interest expenses, fee and commission expenses and other operating expenses are the four principal components of our expenses which had important effects on our results of operations during the Track Record Period.

Staff Costs

The following table sets forth the breakdown of our staff costs for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Salaries, bonuses and allowances	1,619.2	1,529.0	2,398.6	867.6	2,020.4
Retirement scheme contributions ⁽¹⁾	62.6	57.2	58.5	25.4	33.3
Other social welfare.....	58.5	56.4	58.7	27.5	31.6
Other benefits ⁽²⁾	43.1	41.8	39.7	22.8	23.6
Total	1,783.4	1,684.4	2,555.5	943.4	2,108.9

(1) Represents our contribution to statutory employee retirement schemes based on specified percentages of the salaries and bonuses of our employees as specified by respective local government authorities.

(2) Consists primarily of our contribution to supplemental medical insurance for our employees.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our staff costs increased by 123.6% to RMB2,108.9 million for the six months ended June 30, 2015 from RMB943.4 million for the same period of 2014, primarily due to an increase in salaries, bonuses and allowances for our employees in line with the increases in our revenues in the six months ended June 30, 2015.

Comparison between 2014 and 2013

Our staff costs increased by 51.7% to RMB2,555.5 million in 2014 from RMB1,684.4 million in 2013, primarily due to an increase in salaries, bonuses and allowances, which reflected an increase in salaries and bonuses for employees attributable to our increased revenue in 2014 and our commitment to attract and retain professional talents.

FINANCIAL INFORMATION

Comparison between 2013 and 2012

Our staff costs decreased by 5.6% to RMB1,684.4 million in 2013 from RMB1,783.4 million in 2012, primarily due to a decrease in salaries, bonuses and allowances, which primarily reflected our decreased revenue in 2013.

Interest Expenses

The following table sets forth the breakdown of our interest expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Interest expenses of accounts payable to brokerage clients	67.6	42.1	43.0	19.8	49.4
Interest expenses on financial assets sold under repurchase agreements	166.8	271.7	294.1	135.2	201.4
Interest expenses on placements from financial institutions.....	47.5	67.2	79.0	32.5	66.5
Interest expenses on debt instruments issued ⁽¹⁾	232.5	262.2	319.2	159.8	186.0
Others	0.2	1.1	6.8	3.0	6.8
Total	514.7	644.4	742.1	350.3	510.1

(1) Debt instruments we issued during the Track Record Period included subordinated bonds, notes, short-term commercial papers and beneficiary certificates.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our interest expenses increased by 45.6% to RMB510.1 million for the six months ended June 30, 2015 from RMB350.3 million for the same period of 2014, primarily due to increases on interest expenses on financial assets sold under repurchase agreements, interest expenses on placements from financial institutions and interest expenses of accounts payable to brokerage clients.

Interest expenses on financial assets sold under repurchase agreements increased by 49.0% to RMB201.4 million for the six months ended June 30, 2015 from RMB135.2 million for the same period of 2014, primarily due to our increased use of repurchase transactions to fund our capital-based intermediary businesses.

FINANCIAL INFORMATION

Interest expenses on placements from financial institutions increased by 104.8% to RMB66.5 million for the six months ended June 30, 2015 from RMB32.5 million for the same period of 2014, primarily due to an increase in our placements from China Securities Finance to fund our margin financing and securities lending in response to the increased demand of our clients.

Interest expenses of accounts payable to brokerage clients increased by 149.6% to RMB49.4 million for the six months ended June 30, 2015 from RMB19.8 million for the same period of 2014, primarily due to an increase in average balance of deposits we held on behalf of our brokerage clients attributable to active customer trading activities.

Comparison between 2014 and 2013

Our interest expenses increased by 15.2% to RMB742.1 million in 2014 from RMB644.4 million in 2013, primarily due to increases in interest expenses on debt instruments we issued and financial assets sold under repurchase agreements.

Interest expenses on debt instruments we issued increased by 21.7% to RMB319.2 million in 2014 from RMB262.2 million in 2013, primarily due to an increase in the average outstanding balance of short-term commercial papers we issued in 2014.

Interest expenses on financial assets sold under repurchase agreements increased by 8.3% to RMB294.1 million in 2014 from RMB271.7 million in 2013, primarily due to our increased use of repurchase agreements to fund our principal investment.

Comparison between 2013 and 2012

Our interest expenses increased by 25.2% to RMB644.4 million in 2013 from RMB514.7 million in 2012, primarily due to increases in interest expenses on financial assets sold under repurchase agreements and placements from financial institutions, which were partially offset by a decrease in interest expenses of accounts payable to brokerage clients.

The interest expenses on financial assets sold under repurchase agreements increased by 62.9% to RMB271.7 million in 2013 from RMB166.8 million in 2012, primarily due to (i) our increased use of repurchase agreements to fund our principal investment business, and (ii) higher average interest rates on the money market in 2013 compared to 2012, which reflected the tightened market liquidity in 2013.

The interest expenses on placements from financial institutions increased by 41.5% to RMB67.2 million in 2013 from RMB47.5 million in 2012, primarily due to an increase in our placements from China Securities Finance and an increase in the interest rates charged by China Securities Finance, which reflected the tightened market liquidity in 2013.

FINANCIAL INFORMATION

Fee and Commission Expenses

The following table sets forth the breakdown of our fee and commission expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Brokerage expenses.....	71.8	78.1	104.8	40.6	129.6
Underwriting and sponsoring expenses	76.5	90.2	68.8	19.9	18.3
Other fee and commission expenses	1.6	—	54.1	0.0	—
Total.....	<u>150.0</u>	<u>168.3</u>	<u>227.8</u>	<u>60.5</u>	<u>148.0</u>

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our fee and commission expenses increased by 144.6% to RMB148.0 million for the six months ended June 30, 2015 from RMB60.5 million for the same period of 2014, primarily due to an increase in brokerage expenses. Brokerage expenses significantly increased to RMB129.6 million for the six months ended June 30, 2015 from RMB40.6 million for the same period of 2014, primarily due to increased trading turnover by our brokerage clients.

Comparison between 2014 and 2013

Our fee and commission expenses increased by 35.4% to RMB227.8 million in 2014 from RMB168.3 million in 2013, primarily due to (i) other fee and commission expenses of RMB54.1 million in 2014 attributable to selling commission for certain asset management product, and (ii) an increase in brokerage expenses, reflecting the increased trading turnover by our brokerage clients. These increases were partially offset by a decrease in underwriting and sponsoring expenses attributable to decreased commission and expenses paid to third parties related to transaction execution.

Comparison between 2013 and 2012

Our fee and commission expenses increased by 12.2% to RMB168.3 million in 2013 from RMB150.0 million in 2012, primarily due to an increase in underwriting and sponsoring expenses attributable to increased commission and expenses paid to third parties related to transaction execution.

FINANCIAL INFORMATION

Depreciation and Amortization Expenses

The following table sets forth the breakdown of our depreciation and amortization expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Depreciation of property and equipment	121.1	97.4	57.7	33.2	22.9
Amortization of intangible assets...	4.0	3.3	2.2	1.3	0.7
Amortization of guarantee fees for subordinated bonds.....	23.8	9.7	—	—	—
Total	<u>148.8</u>	<u>110.3</u>	<u>59.9</u>	<u>34.5</u>	<u>23.5</u>

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our depreciation and amortization expenses decreased by 31.7% to RMB23.5 million for the six months ended June 30, 2015 from RMB34.5 million for the same period of 2014, primarily because certain equipment and leasehold improvement had been fully depreciated.

Comparison between 2014 and 2013

Our depreciation and amortization expenses decreased by 45.7% to RMB59.9 million in 2014 from RMB110.3 million in 2013, primarily due to a decrease in depreciation of property and equipment and amortization of guarantee fees for subordinated bonds. Depreciation of property and equipment decreased by 40.8% to RMB57.7 million in 2014 from RMB97.4 million in 2013, primarily because some of our IT systems and leasehold improvement had been fully depreciated. We did not incur amortization of guarantee fees for subordinated bonds in 2014 whereas we had amortization of guarantee fees for subordinated bonds of RMB9.7 million in 2013.

Comparison between 2013 and 2012

Our depreciation and amortization expenses decreased by 25.9% to RMB110.3 million in 2013 from RMB148.8 million in 2012, primarily due to decreases in depreciation of property and equipment and amortization of guarantee fees for subordinated bonds. Depreciation of property and equipment decreased by 19.6% to RMB97.4 million in 2013 from RMB121.1 million in 2012, primarily because (i) our capital expenditure in office equipment and leasehold improvement decreased attributable to our cost control measures, and (ii) some of our IT systems and leasehold improvement had been fully depreciated. Amortization of guarantee fees for subordinated bonds associated with our issuance of subordinated bonds decreased by 59.2% to RMB9.7 million in 2013 from RMB23.8 million in 2012.

FINANCIAL INFORMATION

Other Operating Expenses

The following table sets forth the breakdown of our other operating expenses for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Operating lease charges in respect of buildings and equipment.....	265.2	233.7	222.4	114.3	112.1
Business development expenses....	255.2	243.6	279.1	94.6	117.6
Information technology expenses..	104.0	91.2	95.5	45.4	46.2
Traveling and transportation expenses	83.9	63.4	76.1	31.2	41.2
Professional service fees	77.6	69.7	79.8	30.6	40.7
Utilities and maintenance fees.....	37.6	36.1	34.9	17.9	18.7
Securities investor protection fund.....	12.0	11.1	17.3	7.0	15.7
Auditors' remuneration.....	3.2	3.2	3.4	1.7	3.8
Others	69.1	51.0	44.4	18.6	29.5
Total.....	908.0	803.0	852.8	361.3	425.6

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our other operating expenses increased by 17.8% to RMB425.6 million for the six months ended June 30, 2015 from RMB361.3 million for the same period of 2014, primarily due to (i) an increase in business development expenses reflecting our efforts to develop our businesses under the favorable domestic securities market conditions, and (ii) an increase in professional service fees in connection with our initial public offering.

Comparison between 2014 and 2013

Our other operating expenses increased by 6.2% to RMB852.8 million in 2014 from RMB803.0 million in 2013, primarily due to (i) increases in business development expenses as well as traveling and transportation expenses, which reflected our continuous efforts to develop and promote our businesses, (ii) an increase in professional service fees, including legal fees and fees for recruiting services, and (iii) an increase in our contribution to securities investor protection funds primarily due to the increase in our revenues.

FINANCIAL INFORMATION

Comparison between 2013 and 2012

Our other operating expenses decreased by 11.6% to RMB803 million in 2013 from RMB908 million in 2012, primarily due to (i) our cost control measures, including tightening the cost budget and optimizing operating resources, in response to the downturn of the PRC securities markets in 2013, and (ii) a decrease in our contribution to the securities investor protection fund attributable to the decrease in our revenue in 2013.

Profit before Income Tax

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our profit before income tax significantly increased to RMB1,512.4 million for the six months ended June 30, 2015 from RMB496.2 million for the same period of 2014.

Comparison between 2014 and 2013

Our profit before income tax increased significantly to RMB1,505.9 million in 2014 from RMB501.5 million in 2013.

Comparison between 2013 and 2012

Our profit before income tax increased by 9.7% to RMB501.5 million in 2013 from RMB457.3 million in 2012.

Income Tax Expense

The following table sets forth our income tax expense for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB, except percentages)				
Profit before income tax	457.3	501.5	1,505.9	496.2	1,512.4
Income tax expense.....	(149.5)	(131.4)	(387.4)	(129.0)	(376.3)
Effective income tax rate	32.7%	26.2%	25.7%	26.0%	24.9%

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our income tax expense increased by 191.7% to RMB376.3 million for the six months ended June 30, 2015 from RMB129.0 million for the same period of 2014, primarily due to an increase in our taxable income. Our effective income tax rate decreased to 24.9% for the six months ended June 30, 2015 compared to 26.0% for the same period of 2014.

FINANCIAL INFORMATION

Comparison between 2014 and 2013

Our income tax expense increased by 194.8% to RMB387.4 million in 2014 from RMB131.4 million in 2013, primarily due to an increase in our taxable income. Our effective income tax rate slightly decreased to 25.7% in 2014 compared to 26.2% in 2013.

Comparison between 2013 and 2012

Despite an increase in our profit before income tax, our income tax expense decreased by 12.1% to RMB131.4 million in 2013 from RMB149.5 million in 2012, primarily due to a decrease in our effective income tax rate from 32.7% in 2012 to 26.2% in 2013 as a result of a greater proportion of taxable income from our overseas business in 2013, which are subject to lower tax rates. Profit before tax from overseas business, as a percentage of our total profit before tax, increased to 16.4% in 2013 from 8.0% in 2012.

Profit for the Period and Net Margin

The following table sets forth the key indicators of our profitability:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB, except percentages)				
Operating profit	415.1	452.6	1,438.1	484.4	1,476.3
Operating margin ⁽¹⁾	10.1%	11.1%	23.4%	20.5%	30.2%
Adjusted operating margin ⁽²⁾	12.1%	13.9%	27.7%	24.9%	35.0%
Profit for the year/period.	307.7	370.1	1,118.5	367.2	1,136.1
Net margin ⁽³⁾	7.5%	9.1%	18.2%	15.6%	23.3%
Adjusted net margin ⁽⁴⁾	9.0%	11.4%	21.6%	18.8%	26.9%
Return on average equity⁽⁵⁾	4.8%	5.5%	15.1%	10.4%	25.0%
Return on average total assets⁽⁶⁾	0.9%	1.2%	2.6%	2.0%	3.1%

(1) Calculated by dividing the operating profit by total revenue and other income.

(2) Adjusted operating margin = (operating profit)/(total revenue and other income - fee and commission expenses - interest expenses). Adjusted operating margin is not a standard indicator under IFRS but is presented here because PRC securities companies present their operating revenues after deduction of fee and commission expenses and interest expenses under PRC GAAP, which is different from the practices for presenting the gross revenue under IFRS. We believe that, the adjusted operating margin and adjusted net margin (in note 4 below) provide appropriate indicators of our results of operations that are more comparable to other PRC securities companies due to different presentation requirements under PRC GAAP. Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled indicators reported by other companies due to different calculation methods or assumptions.

FINANCIAL INFORMATION

- (3) Calculated as dividing the profit for the year/period by total revenue and other income.
- (4) Adjusted net margin = (profit for the year/period)/(total revenue and other income - fee and commission expenses - interest expenses). Adjusted net margin is not a standard indicator under IFRS but is presented here for the reasons stated in note 2 above.
- (5) Calculated by dividing the profit attributable to equity holders/Shareholders of our Company by the average amount of total equity attributable to equity holders/Shareholders at the end of the previous period and the end of the current period, and annualizing the result.
- (6) Calculated by dividing the profit attributable to equity holders/Shareholders of our Company by the average balance of total assets at the end of the previous period and the end of the current period, and annualizing the result.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Our profit for the period significantly increased to RMB1,136.1 million for the six months ended June 30, 2015 from RMB367.2 million for the same period of 2014. Our annualized return on average equity increased to 25.0% for the six months ended June 30, 2015 compared to 10.4% for the six months ended June 30, 2014 and our annualized return on average total assets increased to 3.1% for the six months ended June 30, 2015 compared to 2.0% for the six months ended June 30, 2014. All of these increases were primarily due to an increase in our total revenue and other income attributable to the overall growth of our businesses and the strong performance of PRC and Hong Kong stock markets from January to mid-June of 2015.

Comparison between 2014 and 2013

Our profit for the year significantly increased to RMB1,118.5 million in 2014 from RMB370.1 million in 2013. Our net margin increased to 18.2% in 2014 from 9.1% in 2013. Our return on average equity increased to 15.1% in 2014 compared to 5.5% in 2013 and our return on average total assets increased to 2.6% in 2014 compared to 1.2% in 2013. All of these increases were primarily due to (i) an increase in our total revenue and other income attributable to the overall growth of our businesses and the strong performance of domestic securities markets in 2014, and (ii) our effective cost control measures, which resulted in a lower increase in total expenses than the increase in the total revenue and other income in 2014.

Comparison between 2013 and 2012

Although our total revenue and other income decreased in 2013 compared to 2012, our profit for the year increased by 20.3% to RMB370.1 million in 2013 from RMB307.7 million in 2012. Our net margin increased to 9.1% in 2013 from 7.5% in 2012. Our return on average equity increased to 5.5% in 2013 compared to 4.8% in 2012 and our return on average total assets increased to 1.2% in 2013 compared to 0.9% in 2012. All of these increases were primarily because (i) we strengthened our cost control measures to maintain our profitability, and (ii) our effective income tax rate decreased to 26.2% in 2013 compared to 32.7% in 2012.

FINANCIAL INFORMATION

SUMMARY SEGMENT RESULTS

The following table sets forth our segment revenue and other income, segment expenses and profit (loss) before income tax of each of our segments for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB, except percentages)				
Investment Banking					
Segment revenue and other income:					
Fee and commission income	1,247.9	1,004.7	1,650.0	492.0	991.4
Interest income	2.0	0.0	18.2	0.0	0.7
Investment income	4.9	11.1	14.4	10.4	5.3
Other income and gains	0.1	0.2	0.2	0.1	0.1
Total	1,254.8	1,016.0	1,682.9	502.6	997.5
Segment expenses	(839.1)	(719.8)	(1,128.0)	(367.2)	(775.7)
Profit/(loss) before income tax	415.7	296.2	554.9	135.4	221.9
Segment margin ⁽¹⁾	33.1%	29.2%	33.0%	26.9%	22.2%
Equity Sales and Trading					
Segment revenue and other income:					
Fee and commission income	978.7	1,081.8	1,289.9	474.9	1,136.3
Interest income	106.4	109.9	129.0	62.1	108.5
Investment income	(6.1)	15.2	243.1	78.3	239.9
Other income and gains	0.6	0.3	1.0	0.5	0.6
Total	1,079.6	1,207.3	1,663.0	615.7	1,485.3
Segment expenses	(553.8)	(556.4)	(749.8)	(293.2)	(532.4)
Profit before income tax	525.8	650.9	913.2	322.5	952.9
Segment margin ⁽¹⁾	48.7%	53.9%	54.9%	52.4%	64.2%
FICC					
Segment revenue and other income:					
Fee and commission income	78.3	65.7	71.9	37.9	43.0
Interest income	25.6	21.8	22.6	12.1	4.4
Investment income	812.9	613.2	1,201.4	634.2	947.8
Other income and gains	0.1	0.0	0.0	—	—
Total	916.9	700.7	1,295.9	684.2	995.2
Segment expenses	(611.1)	(684.1)	(710.0)	(304.2)	(447.4)
Profit before income tax	305.8	16.6	585.9	380.0	547.8
Segment margin ⁽¹⁾	33.4%	2.4%	45.2%	55.5%	55.0%
Wealth Management					
Segment revenue and other income:					
Fee and commission income	371.8	450.0	564.2	197.6	560.0
Interest income	65.9	134.1	239.3	100.4	267.8
Investment income	2.8	14.1	33.8	15.7	69.7
Other income and gains	8.9	9.5	3.9	0.4	2.4
Total	449.3	607.7	841.3	314.2	899.9
Segment expenses	(348.8)	(414.3)	(592.8)	(256.9)	(538.6)
Profit before income tax	100.5	193.4	248.4	57.3	361.3
Segment margin ⁽¹⁾	22.4%	31.8%	29.5%	18.2%	40.1%

FINANCIAL INFORMATION

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
(in millions of RMB, except percentages)					
Investment Management					
Segment revenue and other income:					
Fee and commission income	277.7	387.3	575.3	188.7	388.0
Interest income	1.6	2.5	5.8	2.5	3.5
Investment income	(1.9)	52.0	27.3	16.9	47.6
Other income and gains	0.3	3.5	2.4	2.4	9.6
Total	277.6	445.2	610.8	210.5	448.7
Segment expenses	(229.3)	(295.5)	(514.5)	(164.0)	(326.7)
Share of profits of associates and joint ventures	28.6	27.9	40.7	0.9	32.2
Profit before income tax	77.0	177.6	137.0	47.4	154.1
Segment margin ⁽¹⁾	27.7%	39.9%	22.4%	22.5%	34.4%
Others ⁽²⁾					
Segment revenue and other income:					
Fee and commission income	21.2	4.7	0.5	0.2	0.1
Interest income	60.5	57.0	34.9	19.1	34.2
Investment income	1.9	1.7	6.8	1.8	3.5
Other income and gains	37.2	24.5	19.7	10.7	16.6
Total	120.8	87.9	61.9	31.8	54.4
Segment expenses	(1,101.8)	(942.1)	(1,022.6)	(489.1)	(783.9)
Share of profits of associates and joint ventures	13.6	21.0	27.1	10.8	4.0
Loss before income tax	(967.5)	(833.2)	(933.6)	(446.4)	(725.5)

(1) Segment margin = profit before income tax/segment revenue and other income.

(2) The segment margin of “others” segment is not presented because this segment incurred loss before income tax in the relevant years and periods.

Investment Banking

Segment revenue and other income from the investment banking business consist primarily of fee and commission income, including underwriting and sponsoring fees as well as financial advisory fees. Segment expenses consist primarily of (i) staff costs, (ii) fee and commission expenses associated with our underwriting activities, and (iii) other operating expenses.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the investment banking segment increased by 98.5% to RMB997.5 million for the six months ended June 30, 2015 compared to RMB502.6 million for the same period of 2014, primarily due to the increases in the number of and the transaction value of equity financing transactions we underwrote in the six months ended June 30, 2015.

Segment expenses of the investment banking segment increased by 111.2% to RMB775.7 million for the six months ended June 30, 2015 compared to RMB367.2 million for the same period of 2014, primarily due to an increase in staff costs in line with the increased revenue of this segment.

FINANCIAL INFORMATION

As a result, the segment operating profit of this segment increased by 63.9% to RMB221.9 million for the six months ended June 30, 2015 compared to RMB135.4 million for the same period of 2014.

Comparison between 2014 and 2013

Segment revenue and other income of the investment banking segment increased by 65.6% to RMB1,682.9 million in 2014 from RMB1,016.0 million in 2013, primarily due to the increases in the number and the transaction value of equity and debt offerings we underwrote in 2014, attributable to the pipeline deals we accumulated and the favorable market conditions in 2014.

Segment expenses of the investment banking segment increased by 56.7% to RMB1,128.0 million in 2014 from RMB719.8 million in 2013, primarily due to an increase in staff costs in line with the increased revenue from our investment banking business.

As a result, the segment operating profit of this segment increased by 87.3% to RMB554.9 million in 2014 from RMB296.2 million in 2013.

Comparison between 2013 and 2012

Segment revenue and other income of the investment banking segment decreased by 19.0% to RMB1,016.0 million in 2013 from RMB1,254.8 million in 2012, primarily due to (i) a decrease in the number of domestic IPOs that we underwrote in 2013 in line with decreased IPO activities in China as a result of the slowdown of regulatory approval for new listings, and (ii) the weak willingness of companies to conduct financing through capital markets attributable to unfavorable market conditions in the PRC and Hong Kong.

Segment expenses of the investment banking segment decreased by 14.2% to RMB719.8 million in 2013 from RMB839.1 million in 2012, primarily due to a decrease in staff costs as a result of the decrease in our revenue from our investment banking business.

As a result, the segment operating profit of this segment decreased by 28.7% to RMB296.2 million in 2013 from RMB415.7 million.

Equity Sales and Trading

Segment revenue and other income from the equity sales and trading segment consist primarily of (i) fee and commission income on our brokerage services for clients, (ii) investment income from financial instruments, and (iii) interest income from our margin financing and securities lending and resale transactions with clients, as well as interest income from deposits we hold on behalf of brokerage clients. Segment expenses consist primarily of (i) staff costs, (ii) interest expenses, (iii) fee and commission expenses on securities brokerage services, and (iv) other operating expenses.

FINANCIAL INFORMATION

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the equity sales and trading segment increased by 141.2% to RMB1,485.3 million for the six months ended June 30, 2015 from RMB615.7 million for the same period of 2014, primarily due to (i) our increased brokerage commission as a result of the increased trading turnover of our clients, (ii) an increase in investment income attributable to our increased net gains from total return swap transactions and structured products, and (iii) an increase in interest income attributable to our clients' increased demand for capital-based intermediary services.

Segment expenses of the equity sales and trading segment increased by 81.6% to RMB532.4 million for the six months ended June 30, 2015 from RMB293.2 million for the same period of 2014, primarily due to (i) an increase in staff costs, brokerage expenses and business tax and surcharges in line with the increased revenue of this segment, and (ii) an increase in interest expenses incurred by this segment as a result of the growth of our capital-based intermediary business.

As a result, the segment operating profit of this segment increased by 195.5% to RMB952.9 million for the six months ended June 30, 2015 from RMB322.5 million for the same period of 2014.

Comparison between 2014 and 2013

Segment revenue and other income of the equity sales and trading segment increased by 37.7% to RMB1,663.0 million in 2014 from RMB1,207.3 million in 2013, primarily due to (i) a significant increase in investment income attributable to our increased net gains from total return swap transactions and structured products as a result of the growth in these businesses, and (ii) an increase in brokerage commission as a result of the increased trading turnover of our brokerage clients in 2014.

Segment expenses of the equity sales and trading segment increased by 34.7% to RMB749.8 million in 2014 from RMB556.4 million in 2013, primarily due to (i) an increase in staff costs in line with the increased revenue of this segment, and (ii) an increase in interest expenses incurred by this segment as a result of the growth of our capital-based intermediary business.

As a result, the segment operating profit of this segment increased by 40.3% to RMB913.2 million in 2014 from RMB650.9 million in 2013.

Comparison between 2013 and 2012

Segment revenue and other income of the equity sales and trading segment increased by 11.8% to RMB1,207.3 million in 2013 from RMB1,079.6 million in 2012, primarily due to an increase in brokerage commission as a result of the increased trading turnover of our brokerage clients in 2013.

Segment expenses of the equity sales and trading segment remained stable at RMB556.4 million in 2013 compared to RMB553.8 million in 2012.

As a result, the segment operating profit of this segment increased by 23.8% to RMB650.9 million in 2013 from RMB525.8 million in 2012.

FINANCIAL INFORMATION

FICC

Segment revenue and other income from the FICC segment consist primarily of (i) investment income on our principal investment, and (ii) fee and commission income on our syndication and distribution of fixed-income products. Segment expenses consist primarily of (i) interest expenses, (ii) staff costs, and (iii) other operating expenses.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the FICC segment increased by 45.5% to RMB995.2 million for the six months ended June 30, 2015 from RMB684.2 million for the same period of 2014, primarily due to an increase in investment income on securities we invested and held in the six months ended June 30, 2015, reflecting the favorable domestic stock market condition from January to mid-June of 2015.

Segment expenses of the FICC segment increased by 47.1% to RMB447.4 million for the six months ended June 30, 2015 from RMB304.2 million for the same period of 2014, primarily due to an increase in staff costs and business tax and surcharges in line with the increased revenue of this segment.

As a result, the segment operating profit of this segment increased by 44.1% to RMB547.8 million for the six months ended June 30, 2015 from RMB380.0 million for the same period of 2014.

Comparison between 2014 and 2013

Segment revenue and other income of the FICC segment increased by 85.0% to RMB1,295.9 million in 2014 from RMB700.7 million in 2013, primarily due to the increase in investment income on securities we invested and held in 2014, reflecting the favorable domestic securities markets in the PRC in 2014.

Segment expenses of the FICC segment increased by 3.8% to RMB710.0 million in 2014 from RMB684.1 million in 2013, primarily due to increases in staff costs and business tax and surcharges in line with the increased revenue of this segment, which were partially offset by a decrease in interest expenses incurred by this segment, reflecting the decreased cost of funding in 2014 due to improved money market liquidity.

As a result, the segment operating profit of this segment significantly increased to RMB585.9 million in 2014 from RMB16.6 million in 2013.

FINANCIAL INFORMATION

Comparison between 2013 and 2012

Segment revenue and other income of the FICC segment decreased by 23.6% to RMB700.7 million in 2013 from RMB916.9 million in 2012, primarily due to a decrease in investment income on debt securities as a result of the increased bond yields in 2013, reflecting the tightened market liquidity in 2013. The decrease in investment income on debt securities was partially offset by an increase in investment income from our quantitative trading activities in 2013.

Segment expenses of the FICC segment increased by 11.9% to RMB684.1 million in 2013 from RMB611.1 million in 2012, primarily due to an increase in interest expenses on our placements from financial institutions which reflected the tightened market liquidity in 2013. Such increase was partially offset by decreases in staff costs and business tax and surcharges as a result of the decreased revenue of this segment.

The segment operating profit of this segment decreased by 94.6% to RMB16.6 million in 2013 from RMB305.8 million in 2012 and the segment margin decreased to 2.4% in 2013 compared to 33.4% in 2012, primarily due to the tightened market liquidity in China in 2013 which resulted in a decrease in our investment income on debt securities and an increase in our funding cost.

Wealth Management

Segment revenue and other income from the wealth management business consist primarily of (i) fee and commission income on our brokerage services and investment advisory services for clients, and (ii) interest income from our capital-based intermediary businesses and interest income from deposits we hold on behalf of brokerage clients. Segment expenses consist primarily of (i) staff costs, (ii) interest expenses, and (iii) other operating expenses.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the wealth management segment increased by 186.4% to RMB899.9 million for the six months ended June 30, 2015 from RMB314.2 million for the same period of 2014, primarily due to (i) an increase in brokerage commission attributable to the increased trading turnover of our brokerage clients, and (ii) an increase in the interest income attributable to the growth of our capital-based intermediary business.

Segment expenses of the wealth management segment increased by 109.6% to RMB538.6 million for the six months ended June 30, 2015 from RMB256.9 million for the same period of 2014, primarily due to (i) an increase in interest expenses incurred by this segment as a result of our increased use of external funding to meet clients' increased demand for capital-based intermediary services, (ii) an increase in staff costs in line with the increased revenue of this segment, and (iii) an increase in fee and commission expenses attributable to the increased trading turnover of our brokerage clients.

The operating profit of wealth management segment significantly increased to RMB361.3 million for the six months ended June 30, 2015 from RMB57.3 million for the same period of 2014 and the segment margin increased to 40.1% for the six months ended June 30, 2015 from 18.2% for the same period of 2014 primarily because the PRC stock market started to boom from the second half of 2014, which resulted in increased trading activities by brokerage clients.

FINANCIAL INFORMATION

Comparison between 2014 and 2013

Segment revenue and other income of the wealth management segment increased by 38.4% to RMB841.3 million in 2014 from RMB607.7 million in 2013, primarily due to (i) an increase in brokerage commission attributable to the increased trading turnover of our brokerage clients in 2014, and (ii) an increase in interest income due to the growth in our capital-based intermediary business.

Segment expenses of the wealth management segment increased by 43.1% to RMB592.8 million in 2014 from RMB414.3 million in 2013, primarily due to an increase in interest expenses as a result of the growth of our capital-based intermediary business, and an increase in staff costs in line with the increased revenue of this segment.

As a result, the segment operating profit of this segment increased by 28.5% to RMB248.4 million in 2014 from RMB193.4 million in 2013.

Comparison between 2013 and 2012

Segment revenue and other income of the wealth management segment increased by 35.3% to RMB607.7 million in 2013 from RMB449.3 million in 2012, primarily due to (i) increases in investment advisory fees and brokerage commission, and (ii) an increase in interest income as a result of the growth in capital-based intermediary businesses.

Segment expenses of the wealth management segment increased by 18.8% to RMB414.3 million in 2013 from RMB348.8 million in 2012, primarily due to (i) increases in staff costs and business tax and surcharges in line with the increased revenue of this segment, and (ii) an increase in interest expenses as a result of the growth of our capital-based intermediary business.

As a result, the segment operating profit of this segment increased by 92.4% to RMB193.4 million in 2013 from RMB100.5 million in 2012.

Investment Management

Segment revenue and other income from the investment management business consist primarily of (i) management fees for our asset management and private equity businesses, and (ii) investment income on the asset management products and private equity portfolio in which we invest with our own funds. Segment expenses consist primarily of (i) staff costs, (ii) other operating expenses, and (iii) interest expenses. This segment received share of profits of associates and joint ventures of RMB28.6 million, RMB27.9 million, RMB40.7 million and RMB32.2 million in 2012, 2013, 2014 and for the six months ended June 30, 2015, respectively.

FINANCIAL INFORMATION

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the investment management segment increased by 113.2% to RMB448.7 million for the six months ended June 30, 2015 from RMB210.5 million for the same period of 2014, primarily due to increases in our management fees and performance fees attributable to increases in our AUM and higher returns on our asset management products.

Segment expenses of the investment management segment increased by 99.3% to RMB326.7 million for the six months ended June 30, 2015 from RMB164.0 million for the same period of 2014, primarily due to an increase in staff costs in line with the increased revenue of this segment.

As a result, the segment operating profit of this segment increased by 162.3% to RMB122.0 million for the six months ended June 30, 2015 from RMB46.5 million for the same period of 2014. The segment margin increased to 34.4% for the six months ended June 30, 2015 from 22.5% for the same period of 2014, primarily reflecting (i) the increase in the segment revenue and other income which was partially offset by the increase in segment expenses, and (ii) share of profits of associates and joint ventures of RMB32.2 million we recorded in the six months ended June 30, 2015 compared to RMB0.9 million in the same period of 2014.

Comparison between 2014 and 2013

Segment revenue and other income of the investment management segment increased by 37.2% to RMB610.8 million in 2014 from RMB445.2 million in 2013, primarily due to our increased AUM and higher returns on our asset management products.

Segment expenses of the investment management segment increased by 74.1% to RMB514.5 million in 2014 from RMB295.5 million in 2013, primarily due to (i) an increase in staff costs which reflected the increased revenue of this segment and the increased number of employees as a result of establishment of our fund subsidiary in 2014, and (ii) the increased commissions paid to third parties for distributing our asset management products.

The segment operating profit of this segment decreased by 35.6% to RMB96.3 million in 2014 from RMB149.7 million in 2013. The segment margin decreased to 22.4% in 2014 from 39.9% in 2013, primarily reflecting (i) an increase in staff costs in line with the increased revenue of this segment, (ii) an increase in payments of selling commission for distributing our asset management products in 2014, which were partially offset by an increase of share of profits of associates and joint ventures from RMB27.9 million in 2013 to RMB40.7 million in 2014.

Comparison between 2013 and 2012

Segment revenue and other income of the investment management segment increased by 60.4% to RMB445.2 million in 2013 from RMB277.6 million, primarily due to (i) an increase in management fees as a result of the growth in the AUM of our asset management business and private equity funds, and (ii) an investment income of RMB52.0 million attributable to increased returns from our private equity portfolio in 2013 compared to an investment loss of RMB1.9 million in 2012 in an exchange traded fund we invested with our own fund.

FINANCIAL INFORMATION

Segment expenses of the investment management segment increased by 28.9% to RMB295.5 million in 2013 from RMB229.3 million in 2012, primarily due to (i) the impairment loss on certain private equity investments, and (ii) an increase in staff costs in line with the increased revenue of this segment.

As a result, the segment operating profit of this segment significantly increased to RMB149.7 million in 2013 from RMB48.4 million in 2012.

Others

Segment revenue and other income from others segment consist primarily of interest income from our own bank deposits and government grants. Segment expenses mainly include staff costs, the interest expenses on the debt securities we issued and other operating expenses. This segment received share of profits of associates and joint ventures of RMB13.6 million, RMB21.0 million and RMB21.7 million in 2012, 2013 and 2014, respectively, and RMB10.8 million and RMB4.0 million for the six months ended June 30, 2014 and 2015, respectively.

Comparison between the Six Months Ended June 30, 2015 and the Six Months Ended June 30, 2014

Segment revenue and other income of the others segment increased by 71.1% to RMB54.4 million for the six months ended June 30, 2015 from RMB31.8 million for the same period of 2014, primarily due to an increase in interest income from our own bank deposits.

Segment expenses of the others segment increased by 60.3% to RMB783.9 million for the six months ended June 30, 2015 from RMB489.1 million for the same period of 2014, primarily due to an increase in staff costs in line with increased total revenues of our Group.

As a result, the segment operating loss of this segment increased by 59.5% to RMB729.5 million for the six months ended June 30, 2015 from RMB457.3 million for the same period of 2014.

Comparison between 2014 and 2013

Segment revenue and other income of the others segment decreased by 29.6% to RMB61.9 million in 2014 from RMB87.9 million in 2013, primarily due to a decrease in interest income from our own bank deposits because we use our fund to support our capital-based intermediary businesses.

Segment expenses of the others segment slightly increased by 8.5% to RMB1,022.6 million in 2014 from RMB942.1 million in 2013, primarily due to an increase in staff costs in line with increased revenue of our Group in 2014.

As a result, the segment operating loss of this segment increased by 12.5% to RMB960.7 million in 2014 from RMB854.2 million in 2013.

FINANCIAL INFORMATION

Comparison between 2013 and 2012

Segment revenue and other income of the others segment decreased by 27.2% to RMB87.9 million in 2013 from RMB120.8 million, primarily due to a decrease in interest income from our own bank deposits and a decrease in government grants.

Operating expenses of the others segment decreased by 14.5% to RMB942.1 million in 2013 from RMB1,101.8 million, primarily due to (i) a decrease in other operating expenses attributable to our cost control measures, and (ii) a decrease in staff costs in line with our decreased revenue in 2013.

As a result, the segment operating loss of this segment decreased by 12.9% to RMB854.2 million in 2013 from RMB981.7 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

We have in the past funded our working capital and other capital requirements primarily through cash flows from operating activities, issuances of long-term debt securities and short-term commercial papers and notes, placements from financial institutions (including bank loans borrowed by overseas subsidiaries) and repurchase transactions.

We adopt a centralized management of the liquidity and capital resources within our Group. We establish and maintain a variety of financing channels to the extent permitted by relevant regulations with the target to satisfy the capital requirements arising from operations and development of our various businesses under all kinds of economic and market circumstances.

We carry out liquidity management through monitoring the maturity date of our assets and liabilities. We have established dynamic warning mechanism based on daily cash flow forecast and stress tests on regulatory indicators to monitor and analyze various types of fund position and indicators for liquidity risk control. To manage our liquidity while improving yields on surplus cash, we seek to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions and actively manage our liquid assets through money market and capital market operations by investing in liquid financial instruments with relatively low risk, such as fixed-income securities and financial assets held under resale agreements.

As of June 30, 2015, we had aggregate cash and cash equivalents of RMB6,065.1 million.

FINANCIAL INFORMATION

The following discussion of liquidity and capital resources principally focuses on our consolidated statements of cash flows and financial position.

Cash Flows

The following table sets forth a selected summary of our consolidated statements of cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(in millions of RMB)				
Net cash generated from/(used in) operating activities	956.3	(2,539.5)	1,042.1	(460.6)	(2,264.4)
Net cash (used in)/generated from investing activities.....	(201.6)	118.1	(238.8)	(100.9)	(117.3)
Net cash (used in)/generated from financing activities	(1,261.2)	1,474.7	(427.5)	939.0	5,098.0
Net (decrease)/increase in cash and cash equivalents.....	(506.4)	(946.7)	375.8	377.5	2,716.3
Cash and cash equivalents at the beginning of the year/period	4,508.5	4,003.7	2,972.8	2,972.8	3,351.8
Effect of changes in foreign exchange rate	1.7	(84.3)	3.2	30.9	(2.9)
Cash and cash equivalents at the end of the year/period	<u>4,003.7</u>	<u>2,972.8</u>	<u>3,351.8</u>	<u>3,381.1</u>	<u>6,065.1</u>

Net Cash Generated from/(Used in) Operating Activities

Our cash flows from operating activities consist primarily of cash generated from or paid in relation to our investment banking business, brokerage business and principal investment business. Net cash generated from/(used in) operating activities reflects (i) profit before tax adjusted for non-cash and non-operating items, such as interest expenses, depreciation and amortization expenses and fair value loss/(gain) on financial instruments at fair value through profit or loss, (ii) the effects of movements in working capital, such as increase or decrease in receivables, financial assets held under resale agreements, financial assets at fair value through profit or loss, cash at bank and clearing houses held on behalf of clients, trade payables to clients, other liabilities and financial assets sold under repurchase agreements, and (iii) other cash items such as net income tax paid.

FINANCIAL INFORMATION

Changes in cash held for brokerage clients and accounts payable to brokerage clients are reflected in the effects of movements in working capital. Clients' deposits fluctuate based on our clients' trading activities, market conditions and other external factors beyond our control. As a result, analyses for changes in cash held for brokerage clients and accounts payable to brokerage clients are not meaningful for discussion of cash flows of operating activities.

For the six months ended June 30, 2015, we had net cash used in operating activities of RMB2,264.4 million, primarily due to negative cash movements caused by changes in working capital, which were partially offset by our profit before income tax of RMB1,512.4 million. The negative cash movements primarily reflected (i) an increase of RMB7,476.0 million in financial instruments at fair value through profit or loss as a result of our increased holding of securities for our principal investment and total return swap transactions, and (ii) an increase of RMB3,742.7 million in receivable from margin clients as a result of the increased margin loans in response to our clients' demand. These increases were partially offset by (i) an increase of RMB4,410.5 million in other liabilities primarily attributable to an increase in clients' pledged deposits with us in connection with our capital-based intermediary services, and (ii) an increase of RMB1,549.4 million in proceeds from financial assets sold under repurchase agreements attributable to our increased use of repurchase transactions to meet the capital needs of our business lines.

In 2014, we had net cash generated from operating activities of RMB1,042.1 million, primarily attributable to our profit before income tax of RMB1,505.9 million, partially offset by negative cash movements caused by changes in working capital. The negative cash movements primarily reflected (i) an increase of RMB2,203.0 million in other liabilities attributable to deposits from customers in connection with structured products and total return swaps and our placements from financial institutions to support our capital-based intermediary businesses, and (ii) an increase of RMB1,074.6 million in proceeds from financial assets sold under repurchase agreements attributable to our increased use of short-term financing to support our capital-based intermediary businesses. These increases were partially offset by (i) an increase of RMB4,908.2 million in accounts receivables, other receivables and prepayments attributable to the increased deposits with other securities firms and clearing houses for client trading activities, (ii) an increase of RMB1,360.5 million in our receivable from margin clients attributable to the growth of our capital-based intermediary businesses, and (iii) an increase of RMB1,203.0 million in financial assets held for trading due to our increased principal investment based on the market conditions and our increased position of reference stocks underlying the total return swap transactions with clients.

In 2013, we had net cash used in operating activities of RMB2,539.5 million primarily due to negative cash movements caused by changes in working capital, partially offset by our profit before income tax of RMB501.5 million and positive adjustments for non-cash and non-operating items. The negative cash movements primarily reflected (i) an increase of RMB1,866.7 million in financial assets held under resale agreements as a result of increased short-term financing that we provided our customers through resale transactions and our increased use of resale agreements to generate higher returns on our own funds based on our liquidity management strategy, (ii) an increase of RMB1,553.8 million in receivable from margin clients as a result of the growth of our capital-based intermediary businesses, and (iii) an increase of RMB1,477.9 million in accounts receivables, other receivables and prepayments as a result of our efforts to grow capital-based intermediary businesses, including the margin financing and securities lending as well as total return swap transactions. These increases were

FINANCIAL INFORMATION

partially offset by (i) an increase of RMB1,499.4 million in other liabilities as a result of deposits from customers for total return swap transactions and our borrowings from China Securities Finance to support our margin financing and securities lending business, and (ii) an increase of RMB653.3 million in proceeds from financial assets sold under repurchase agreements.

In 2012, we had net cash generated from operating activities of RMB956.3 million primarily attributable to our profit before income tax of RMB457.3 million and positive cash movements caused by changes in our working capital. The positive cash movements were primarily due to (i) a decrease of RMB2,877.0 million in financial assets held for trading due to the decreased position of our principal investment, and (ii) a decrease of RMB2,022.5 million in accounts receivables, other receivables and prepayments from other securities firms and clearing houses in connection with trading activities of brokerage clients. These were partially offset by (i) a decrease of RMB3,073.1 million in other liabilities, which reflected a combination of the decreased payables to other securities firms and clearing houses, the decreased employee benefit payable and the repayment of a loan by an overseas subsidiary, (ii) a decrease of RMB1,569.4 million in proceeds from financial assets sold under repurchase agreements attributable to a decrease in repurchase transactions that we used to fund our principal investment, and (iii) an increase of RMB349.6 million in financial assets held under resale agreements as a result of our increased use of resale agreements to generate higher returns on our own funds based on our liquidity management strategy.

Despite our negative operating cash flows in 2013 and for the six months ended June 30, 2015, we believe that we have strong ability to generate cash flows from operating activities during the Track Record Period and our operating cash flows before movements in working capital amounted to RMB720.7 million, RMB926.4 million, RMB1,234.2 million and RMB1,476.6 million for in 2012, 2013, 2014 and for the six months ended June 30, 2015, respectively. In addition, our net current assets amounted to RMB5,912.6 million, RMB9,344.5 million, RMB10,353.9 million and RMB14,269.6 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, which indicated that our working capital needs had been adequately met during the Track Record Period.

Net Cash (Used in)/Generated from Investing Activities

Our cash outflows used in investing activities consist primarily of (i) our purchase of available-for-sale financial assets and our capital contribution to joint ventures and associates, and (ii) cash paid for acquisition of property, equipment and other assets. Our cash inflows from investing activities consist primarily of (i) cash received from the disposal of, or distribution from, available-for-sale financial assets, (ii) interest and dividend received on investments, and (iii) proceeds from disposal of property and equipment.

For the six months ended June 30, 2015, our net cash used in investing activities was RMB117.3 million, primarily due to (i) RMB111.5 million paid for acquisition of available-for-sale financial assets and capital contribution to joint ventures, and (ii) RMB21.9 million paid for the purchase of equipment and other long-term assets to support the growth of our business.

FINANCIAL INFORMATION

In 2014, our net cash used in investing activities was RMB238.8 million, primarily due to (i) RMB277.4 million paid for acquisition of available-for-sale financial assets mainly attributable to our increased investments in connection with private equity business and our investments in joint ventures, and (ii) RMB62.9 million paid for acquisitions of equipment and other assets to support the growth of our business, which were partially offset by RMB82.2 million proceeds received from sale of investments.

In 2013, our net cash generated from investing activities was RMB118.1 million, primarily due to RMB173.0 million proceeds received from sale of investments and RMB30.8 million dividend received from investments, which were partially offset by (i) RMB69.2 million paid for acquisition of available-for-sale financial assets and equity interests for long-term investment purposes, and (ii) RMB16.9 million paid for acquisition of property, equipment and other assets.

In 2012, our net cash used in investing activities was RMB201.6 million, primarily due to (i) RMB209.2 million paid for acquisition of available-for-sale financial assets, and (ii) our purchase of equipment and other assets of RMB54.2 million, which were partially offset by RMB55.7 million proceeds received from sale of investments.

Net Cash (Used in)/Generated from Financing Activities

Our cash outflows used in financing activities consist primarily of (i) cash repayments of debt securities we issued, and (ii) cash paid for interest and profits distribution. Our cash inflows from financing activities consist primarily of (i) proceeds received from issuing of debt securities, and (ii) other cash received from financing activities.

For the six months ended June 30, 2015, our net cash generated from financing activities was RMB5,098.0 million, primarily due to (i) proceeds from our issuances of subordinated bonds, perpetual subordinated bonds and beneficiary certificates in an aggregate amount of RMB4,570.0 million, and (ii) proceeds from issuing short-term commercial papers in the aggregate amount of RMB3,300.0 million, which were partially offset by (i) repayments of short-term commercial papers in the amount of RMB2,700.0 million, and (ii) RMB68.4 million paid for interest on our outstanding debt instruments.

In 2014, our net cash used in financing activities was RMB427.5 million, primarily due to (i) repayments of short-term commercial papers in the aggregate amount of RMB6,500.0 million, and (ii) RMB324.1 million paid for interest or profits distribution, partially offset by (i) proceeds from issuing short-term commercial papers in the aggregate amount of RMB6,300.0 million and (ii) RMB100.0 million received from our issuance of beneficiary certificates.

In 2013, our net cash generated from financing activities was RMB1,474.7 million, primarily due to proceeds of RMB6,000.0 million from issuance of subordinated bonds with a nominal value of RMB3,000.0 million and issuance of short-term commercial papers in the aggregate amount of RMB3,000.0 million, which were partially offset by (i) repayment of short-term commercial papers in the amount of RMB2,000.0 million and repayments of subordinated bonds with a nominal value of RMB2,300.0 million, and (ii) RMB231.5 million paid for interest on our subordinated bonds and short-term commercial papers that we issued and notes issued by CICC Hong Kong.

FINANCIAL INFORMATION

In 2012, our net cash used in financing activities was RMB1,261.2 million, primarily due to (i) the repayment of subordinated bonds in a nominal value of RMB1,000.0 million and (ii) RMB260.4 million paid for interest on our subordinated bonds and notes issued by CICC Hong Kong.

Assets and Liabilities

To ensure appropriate cash liquidity management and capital allocation, we monitor the scale and composition of our assets and liabilities and seek to maintain high liquidity. Given the highly liquid nature of our business, most of our assets and liabilities consist of current assets and liabilities.

Current Assets and Liabilities

The following table sets forth a summary of our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(in millions of RMB)				
Current assets					
Accounts receivable	1,996.9	3,443.5	8,335.7	9,193.3	10,276.2
Receivable from margin clients	543.7	2,097.5	3,458.0	7,200.7	2,996.7
Available-for-sale financial assets	151.1	31.0	45.5	28.8	21.7
Financial assets at fair value through profit or loss	11,924.8	12,951.7	21,653.7	30,817.4	29,565.2
Derivative financial assets	368.9	1,358.0	732.8	1,232.7	1,783.6
Financial assets held under resale agreements	438.6	2,499.0	1,621.8	1,385.9	987.3
Interest receivable	242.7	307.3	342.0	347.6	555.0
Cash held on behalf of brokerage clients	6,931.4	5,235.5	11,084.6	36,319.1	45,726.1
Bank balances and cash	4,034.3	3,096.1	3,418.3	6,149.3	10,576.0
Other current assets	33.9	44.1	48.6	92.9	93.9
Total current assets	<u>26,666.4</u>	<u>31,063.9</u>	<u>50,741.0</u>	<u>92,767.8</u>	<u>102,581.8</u>
Current liabilities					
Financial liabilities at fair value through profit or loss	242.3	788.3	7,525.9	9,797.0	6,026.7
Derivative financial liabilities	363.7	1,337.9	737.8	1,254.9	1,260.1
Account payables to brokerage clients ...	7,816.5	5,706.2	15,054.3	42,804.9	49,734.1
Placements from financial institutions	380.0	526.3	1,529.6	2,278.2	3,097.7
Short-term debt securities issued	—	1,000.0	900.0	3,070.0	2,750.0
Financial assets sold under repurchase agreements	6,622.6	7,275.8	8,350.5	9,899.8	10,900.1
Employee benefits payable	2,160.5	2,059.7	2,142.1	2,124.3	2,480.5
Income tax payable	11.5	28.0	119.0	287.5	360.9
Long-term debt securities issued due within one year	2,298.4	—	—	—	—
Other current liabilities	858.2	2,997.2	4,028.1	6,981.6	11,728.5
Total current liabilities	<u>20,753.8</u>	<u>21,719.4</u>	<u>40,387.1</u>	<u>78,498.2</u>	<u>88,338.5</u>
Net current assets	<u>5,912.6</u>	<u>9,344.5</u>	<u>10,353.9</u>	<u>14,269.6</u>	<u>14,243.3</u>

FINANCIAL INFORMATION

Our current assets consist primarily of (i) financial assets at fair value through profit or loss, (ii) cash held on behalf of brokerage clients and our own cash and bank balances, (iii) accounts receivable, (iv) receivable from margin clients, and (v) financial assets held under resale agreements. Our current liabilities consist primarily of (i) account payables to brokerage clients, (ii) financial assets sold under repurchase agreements, (iii) financial liabilities at fair value through profit or loss, (iv) employee benefits payable, and (v) placements from financial institutions.

As of December 31, 2012, 2013 and 2014 and June 30, 2015, accounts receivable represented 7.5%, 11.1%, 16.4% and 9.9% of our total current assets. We periodically review our accounts receivable to determine whether there is any evidence of impairment based on which we should make impairment provision. See “—Significant Accounting Policies and Estimates—Significant Accounting Estimates and Judgments—Impairment of Receivables.” For aging analysis of our accounts receivable, see Note 30 of the Accountants’ Report in Appendix I to this prospectus.

We include various clients’ deposits as current assets, including cash held on behalf of brokerage clients. We include accounts payable to brokerage clients as current liabilities. Clients’ deposits fluctuate based on our clients’ trading activities, market conditions and other external factors beyond our control. As a result, clients’ deposits in our brokerage business are not a meaningful indicator of our financial condition or results of operations. See “—Adjusted Current Assets and Liabilities” below for information on our assets and liabilities excluding clients’ deposits in our brokerage business.

Our net current assets remained positive in 2012, 2013, 2014 and the six months ended June 30, 2015.

Comparison between June 30, 2015 and December 31, 2014

As of June 30, 2015, our net current assets increased by 37.8% to RMB14,269.6 million from RMB10,353.9 million as of December 31, 2014.

Our current assets increased by 82.8% to RMB92,767.8 million as of June 30, 2015 from RMB50,741.0 million as of December 31, 2014, primarily due to (i) an increase of RMB9,163.7 million in financial assets at fair value through profit or loss attributable to the growth of our principal investment and total return swap transactions, (ii) an increase of RMB3,742.7 million in receivable from margin clients as a result of the growth of our margin financing and securities lending business, (iii) an increase of RMB2,730.9 million in bank balances and cash, and (iv) an increase of RMB857.5 million in accounts receivable. The increase in accounts receivable was primarily due to (i) an increase in accounts receivables from clients, other securities firms and exchanges in connection with brokerage trading and other transactions, (ii) an increase in underwriting and advisory fees receivable which reflected the increased number of securities offering transactions we underwrote, and (iii) an increase in other accounts receivable primarily attributable to tax refund.

Our current liabilities increased by 94.4% to RMB78,498.2 million as of June 30, 2015 from RMB40,387.1 million as of December 31, 2014, primarily due to (i) an increase of RMB2,953.5 million in other current liabilities due to an increase in clients’ pledged deposits in connection with total return swap transactions with us as a result of the growth of this business and an increase in the amount payable to clients for unsettled total return swap transactions, (ii) an increase of RMB2,271.1

FINANCIAL INFORMATION

million in financial liabilities at fair value through profit or loss primarily attributable to the increase in our structured products in Hong Kong, (iii) an increase of RMB2,170.0 million in our short-term debt securities, (iv) an increase of RMB1,549.4 million in financial assets sold under repurchase agreements primarily because we increased use of repurchase transactions to fund our businesses.

Comparison between 2014 and 2013

As of December 31, 2014, our net current assets increased by 10.8% to RMB10,353.9 million from RMB9,344.5 million as of December 31, 2013.

Our current assets increased by 63.3% to RMB50,741.0 million as of December 31, 2014 from RMB31,063.9 million as of December 31, 2013, primarily due to (i) an increase of RMB8,702.0 million in financial assets at fair value through profit or loss attributable to our increased position of reference stocks underlying our total return swap transactions with clients, (ii) an increase of RMB4,892.2 million in accounts receivable primarily related to brokerage trading attributable to active trading of our brokerage clients, and (iii) an increase of RMB1,360.5 million in receivable from margin clients attributable to the growth in margin financing and securities lending business.

Our current liabilities increased by 85.9% to RMB40,387.1 million as of December 31, 2014 from RMB21,719.4 million as of December 31, 2013. The increase in our current liabilities was primarily due to (i) an increase of RMB6,737.6 million in financial liabilities at fair value through profit or loss primarily attributable to payables to the counterparties in connection with our total return swaps and structured products and trading gains or losses on such businesses, (ii) an increase of RMB1,074.7 million in financial assets sold under repurchase agreements primarily due to our increased use of short-term financing to support our capital-based intermediary businesses, (iii) an increase of RMB1,003.3 million in placements from financial institutions primarily due to our increased placements from China Securities Finance to support the growth of our margin financing and securities lending business and the increased placements from banks borrowed by our overseas subsidiaries based on their liquidity needs, and (iv) an increase of RMB1,030.9 million in other liabilities which primarily reflected changes in accounts payables to clients and counterparties in connection with various transactions and increases in taxes payable.

Comparison between 2013 and 2012

As of December 31, 2013, our net current assets increased to RMB9,344.5 million from RMB5,912.6 million as of December 31, 2012.

Our current assets increased by 16.5% to RMB31,063.9 million as of December 31, 2013 from RMB26,666.4 million as of December 31, 2012, primarily due to (i) an increase of RMB2,060.4 million in financial assets held under resale agreements as a result of increased short-term financing that we provided our customers through resale transactions, (ii) an increase of RMB1,553.8 million in receivable from margin clients primarily attributable to the growth of our margin financing and securities lending business, (iii) an increase of RMB1,446.6 million in accounts receivable attributable to the increase in short-term financing we provided to our clients, and (iv) an increase of RMB1,026.9 million in financial assets at fair value through profit or loss attributable to the financial assets held by an asset management scheme which has been consolidated by us as a structured entity and our

FINANCIAL INFORMATION

increased position of reference stocks underlying our total return swap transactions. These increases were partially offset by a decrease of RMB938.2 million in our cash and bank balances primarily due to our increased use of funds to support the growth of our various businesses, in particular the capital-based intermediary business.

Our current liabilities increased by 4.7% to RMB21,719.4 million as of December 31, 2013 from RMB20,753.8 million as of December 31, 2012, primarily due to (i) an increase of RMB2,139.0 million in other current liabilities as a result of an increase in the total return swap transactions we conducted with clients, (ii) RMB1,000.0 million in short-term financing instrument payables attributable to short-term commercial papers we issued in 2013 while we did not have short-term debt securities in 2012, (iii) an increase of RMB974.2 million in derivative financial liabilities because of the increased holding of derivative products by our principal investment business and (iv) an increase of RMB653.2 million in financial assets sold under repurchase agreements primarily due to our increased use of short-term financing to support our various businesses.

Adjusted Current Assets and Liabilities

Client deposits held by us fluctuate based on our clients' trading activities, market conditions and other external factors that are beyond our control. We have adjusted our assets and liabilities in the following presentation and discussion to exclude the effect of cash held on behalf of clients and accounts payable to brokerage clients. The following table sets forth our adjusted current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(in millions of RMB)				
Adjusted current assets ⁽¹⁾	18,849.9	25,357.7	35,686.7	49,962.9	52,847.7
Adjusted current liabilities ⁽²⁾	12,937.3	16,013.2	25,332.8	35,693.3	38,604.5
Adjusted current ratio ⁽³⁾	1.46	1.58	1.41	1.40	1.37

(1) Represents total current assets less accounts payable to brokerage clients.

(2) Represents total current liabilities less accounts payable to brokerage clients.

(3) Calculated by dividing the adjusted current assets by the adjusted current liabilities.

FINANCIAL INFORMATION

Non-current Assets and Liabilities

The following table sets forth a summary of our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of
	2012	2013	2014	June 30, 2015
	(in millions of RMB)			
Non-current assets				
Property and equipment	221.5	136.3	135.2	133.4
Intangible assets	8.2	4.9	2.6	1.9
Interest in associates and joint ventures	312.4	397.5	565.4	631.7
Available-for-sale financial assets	389.5	317.0	388.5	487.6
Refundable deposits	198.5	220.2	325.0	533.3
Deferred tax assets.....	726.8	636.1	484.3	374.4
Other non-current assets.....	77.3	58.8	58.1	56.8
Total non-current assets	<u>1,934.2</u>	<u>1,770.7</u>	<u>1,959.1</u>	<u>2,219.1</u>
Non-current liabilities				
Non-current employee benefits payable.....	255.6	218.2	269.2	267.2
Long-term debt securities issued	1,037.1	4,006.0	4,009.6	6,008.7
Deferred tax liabilities	3.9	11.6	28.9	43.0
Other non-current liabilities	3.3	12.5	13.0	13.3
Total non-current liabilities	<u>1,299.9</u>	<u>4,248.4</u>	<u>4,320.7</u>	<u>6,332.2</u>

Our non-current assets primarily consist of (i) interest in associates and joint ventures, (ii) deferred tax assets, (iii) available-for-sale financial assets, (iv) refundable deposits, and (v) property and equipment. Our interest in associates and joint ventures consist primarily of our equity interests in the entities over which we have significant influence or joint control. Our available-for-sale financial assets consist primarily of equity investments that we made in our private equity investment business. Our refundable deposits consist primarily of the amount we are required to deposit with various exchanges and clearing houses as collateral for trading. Our property and equipment consist primarily of our office equipment, furniture and fixtures, motor vehicles and leasehold improvements.

Our non-current assets increased by 13.3% to RMB2,219.1 million as of June 30, 2015 from RMB1,959.1 million as of December 31, 2014, primarily due to (i) an increase in refundable deposits as collateral for our borrowings from China Securities Finance and our futures contracts as well as trading security deposits with exchanges, (ii) an increase in our available-for-sale financial assets as attributable to our increased equity investments in private equity funds, and (iii) an increase in interest in associates and joint ventures. These increases were partially offset by a decrease in deferred tax assets because we utilized and reversed a portion of deferred tax assets.

FINANCIAL INFORMATION

Our non-current assets increased by 10.6% to RMB1,959.1 million as of December 31, 2014 from RMB1,770.7 million as of December 31, 2013, primarily due to (i) an increase in interest in associates and joint ventures attributable to our new investments and the appreciation of our investments in associates and joint venture entities, (ii) an increase in refundable deposits attributable to our increased trading volume, and (iii) an increase in available-for-sale financial assets attributable to the increased equity investments in private equity funds, which were partially offset by a decrease in deferred tax assets.

Our non-current assets decreased by 8.4% to RMB1,770.7 million as of December 31, 2013 from RMB1,934.2 million as of December 31, 2012, primarily due to (i) a decrease in deferred tax assets, and (ii) a decrease in property and equipment attributable to depreciation and disposal of fixed assets. These decreases were partially offset by an increase in interest in associates and joint ventures.

Our non-current liabilities consist primarily of long-term debt securities issued and non-current employee benefits payable. Our non-current liabilities increased to RMB6,332.2 million as of June 30, 2015 from RMB4,320.7 million as of December 31, 2014 because we issued subordinated bonds with a principal amount of RMB2.0 billion on May 29, 2015. Our non-current liabilities remained stable, amounting to RMB4,320.7 million and RMB4,248.4 million as of December 31, 2014 and 2013, respectively. Our non-current liabilities increased to RMB4,248.4 million as of December 31, 2013 from RMB1,299.9 million as of December 31, 2012, primarily due to the issuance of subordinated bonds a nominal value of RMB3,000.0 million in 2013.

INDEBTEDNESS

As of August 31, 2015, the latest practicable date for determining our indebtedness, we had placements from financial institutions of RMB3,097.7 million, short-term debt securities of RMB2,750.0 million, subordinated bonds of RMB5,000.0 million, perpetual subordinated bonds of RMB1,000.0 million and notes payable of RMB1,054.2 million.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our indebtedness by type as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(in millions of RMB)				
Placements from financial institutions					
Placements from China					
Securities Finance.....	100.0	380.0	853.0	1,253.0	1,253.0
Placements from other financial institutions.....					
	280.0	146.3	676.6	1,025.2	1,844.7
Short-term debt securities					
Short-term commercial papers....					
	—	1,000.0	800.0	1,600.0	1,600.0
Beneficiary certificates					
	—	—	100.0	1,470.0	1,150.0
Long-term debt securities					
Subordinated bonds.....					
	2,298.4	3,000.0	3,000.0	5,000.0	5,000.0
Notes Payable ⁽¹⁾					
	1,037.1	1,006.0	1,009.6	1,008.7	1,054.2
Perpetual subordinated bonds⁽²⁾.....					
	—	—	—	1,000.0	1,000.0
Total.....	<u>3,715.6</u>	<u>5,532.3</u>	<u>6,439.2</u>	<u>12,356.9</u>	<u>12,901.9</u>

(1) Represents the equivalent amount in Renminbi to the aggregate principal amount of US\$165.0 million of the notes issued by CICC Hong Kong on April 28, 2011.

(2) Represents the perpetual subordinated bonds in an aggregate principal amount of RMB1.0 billion we issued on May 29, 2015.

Placements from Financial Institutions

Placements from China Securities Finance

To support the development of our margin financing and securities lending business, we obtain financing from China Securities Finance. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the balance of our borrowings from China Securities Finance was RMB100.0 million, RMB380.0 million, RMB853.0 million and RMB1,253.0 million, respectively. As of August 31, 2015, the balance of such borrowing was RMB1,253.0 million.

FINANCIAL INFORMATION

Placements from Other Financial Institutions

In addition to the placements from China Securities Finance, we obtain interbank lending from other financial institutions to quickly replenish our short-term liquidity. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the balance of our borrowings from banks and other financial institutions was RMB280.0 million, RMB146.3 million, RMB676.6 million and RMB1,025.2 million, respectively. As of August 31, 2015, our placements from financial institutions were RMB1,844.7 million, which were unsecured and had an interest rate ranging from 1.71% to 1.94% per year except for the syndicated term loan facility of CICC Hong Kong as disclosed below.

Banking Facilities

Our subsidiaries in Hong Kong have banking facilities. As of August 31, 2015, we had unutilized banking facilities of HK\$2,226.0 million and US\$140.3 million.

Among our overseas banking facilities, CICC Hong Kong has a syndicated term loan facility (“Loan Facility”) in an aggregate commitment amount of US\$250.0 million. CICC Hong Kong drew down the US\$250.0 million on July 17, 2015. This Loan Facility bears an interest rate of LIBOR plus a margin of 2.50% per annum and is unsecured. It will be used to fund the general working capital of CICC Hong Kong and its subsidiaries.

The Loan Facility includes the following material financial covenants:

- The consolidated tangible net worth of CICC Hong Kong shall be at least HK\$1.8 billion for each relevant period.
- The consolidated net borrowings shall not exceed 275% of its consolidated tangible net worth at any time.
- The consolidated EBITDA of CICC Hong Kong in respect of any relevant period shall not be less than 2.0 times its consolidated financial charges for the relevant period.

The Loan Facility has the following key undertakings which, subject to certain exceptions, require CICC Hong Kong not to:

- create or permit to subsist any security over any of its assets;
- enter into transactions to sell, lease, transfer or otherwise dispose of any asset;
- enter into any amalgamation, demerger, merger or corporate reconstruction without the prior written consent of the majority lenders;
- make substantial change to the general nature or scope of business of itself and any of its material subsidiaries on the date of the agreement;
- acquire any company, business or undertaking;

FINANCIAL INFORMATION

- grant any credit or make any loan to or guarantee or indemnify the liabilities of any entity or person other than its subsidiaries;
- incur or permit to remain outstanding any indebtedness from our Company or any of our Company's subsidiaries that is not a CICC Hong Kong's subsidiary;
- grant an aggregate credit limit in excess of HK\$50 million in CICC Hong Kong's margin financing business to any single client without a joint approval of its head of risk group and head of financial group; and
- distribute an aggregate amount of more than 50% of its net profit after tax in any financial year as a dividend or by way of any share buy-back or other reduction of share capital.

Under the Loan Facility, events of default include, among other things, (i) non-payment, (ii) breach of financial covenants or provisions in the agreement, (iii) misrepresentation, (iv) cross-default, (v) insolvency, (vi) creditors' process, (vii) unlawfulness, (viii) repudiation, (ix) moratorium on external indebtedness, (x) cessation of business; (xi) change of control, and (xii) material adverse change.

Short-term Debt Securities

Short-term Commercial Papers

Subject to the PBOC's approval, we can issue short-term commercial papers in the national interbank bond market. We use the net proceeds of short-term commercial papers to primarily finance our working capital. During the Track Record Period and up to June 30, 2015, we completed 14 issuances of short-term commercial papers in an aggregate principal amount of RMB12.6 billion on the PRC inter-bank market. As of June 30, 2015, we had two issuances of short-term commercial papers outstanding, with an aggregate principal amount of RMB1.6 billion. Our short-term commercial papers usually have a maturity of not more than 91 days and the interest rates are determined through a bidding process. The following table sets forth the range of interest rates of short-term commercial papers outstanding as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2012	2013	2014	2015	2015
Interest rates (% per annum).....	—	3.60%-5.20%	4.59%-6.00%	3.55%-4.80%	3.00%-3.55%

After June 30, 2015, we completed one issuance of short-term commercial papers in a principal amount of RMB0.8 billion on July 17, 2015. See “— Recent Developments.” We intend to issue short-term commercial papers on an as needed basis within the upper limit approved by the PBOC.

FINANCIAL INFORMATION

Beneficiary Certificates

We started to issue beneficiary certificates from December 2014. In 2014 and up to June 30, 2015, we completed 14 issuances of beneficiary certificates in an aggregate principal amount of RMB1,170 million with a maturity period of less than one year, and completed two issuances of beneficiary certificates in an aggregate principal amount of RMB500 million with a maturity period of over one year. As of June 30, 2015, 13 issuances of beneficiary certificates were outstanding and unsecured bearing fixed interest rates or interest rates linked to certain stock indexes. The following table sets forth the range of fixed interest rates of beneficiary certificates outstanding as of the dates indicated.

	<u>As of June 30, 2015</u>	<u>As of August 31, 2015</u>
Beneficiary certificates due within one year	4.30%-6.05%	5.70%-6.05%
Beneficiary certificates due over one year	6.10%-6.20%	6.10%-6.20%

On July 7, 2015, we completed one issuance of beneficiary certificates, with a principal amount of RMB0.7 billion. We repaid these beneficiary certificates in full on July 21, 2015. We intend to issue beneficiary certificates on an as needed basis in accordance with our working capital needs.

Long-term Debt Securities

Subordinated Bonds

On July 25, 2013, we issued subordinated bonds in an aggregate principal amount of RMB3.0 billion with a term of six years, carrying interest at a rate of 6.0% per annum for the first three years and 9.0% per annum from the fourth year to the sixth year, payable annually. We have an option to redeem these subordinated bonds on July 25, 2016.

On May 29, 2015, we issued subordinated bonds in an aggregate principal amount of RMB2.0 billion with a term of six years, carrying interest at a rate of 5.25% per annum for the first three years and 8.25% per annum from the fourth year to the sixth year, payable annually. We have an option to redeem this issuance of subordinated bonds on May 29, 2018.

Perpetual Subordinated Bonds

On May 29, 2015, we issued our 2015 perpetual subordinated bonds with a principal amount of RMB1.0 billion. The perpetual subordinated bonds bear an interest rate of 5.70% per annum for the first five years and the interest rate will be reset every five years. Upon the end of every five-year interest period, we have an option to extend the term of the perpetual subordinated bonds for another five-year period.

FINANCIAL INFORMATION

Notes Payable

CICC Hong Kong issued notes in an aggregate principal amount of US\$165.0 million on April 28, 2011 with a term of 10 years, carrying a 6.375% interest rate per annum, payable semi-annually. We have an option to redeem these notes after April 28, 2016.

Apart from the foregoing information about our indebtedness, we did not have, as of August 31, 2015, any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, material hire purchase and finance lease commitments, any guarantees or other material contingent liabilities. In addition, except as disclosed above, our placements from financial institutions, short-term financial instruments payable, notes payable, subordinated bonds and perpetual subordinated bonds are not subject to any material restrictive covenants and are unsecured. Except as disclosed above, we currently do not have any material external financing plans.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for the purchase of office equipment and leasehold improvement. Our capital expenditures amounted to RMB53.2 million, RMB20.9 million and RMB60.8 million in 2012, 2013 and 2014, respectively.

As of June 30, 2015, we expect our capital expenditures in 2015 to be RMB237.9 million, which will be used primarily in development of IT systems and infrastructure for our operations and purchase of office equipment. We intend to fund our capital expenditures with cash generated from our operating activities.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

The following table sets forth our capital commitments as of the dates indicated.

	<u>As of December 31,</u>			<u>As of</u> <u>June 30,</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	(in millions of RMB)			
Contracted but not provided for	125.8	265.1	220.1	387.5

Our capital commitments were made primarily to make capital contribution to private equity funds, and as we grow, we expect to continue to incur additional capital commitments to support our business expansion.

FINANCIAL INFORMATION

Operating Lease Commitments

We lease certain of our office property from third parties under non-cancellable operating leases. The following table sets forth our future minimum lease payments payable under non-cancellable operating leases as of the dates indicated.

	As of December 31,			As of
	2012	2013	2014	June 30, 2015
	(in millions of RMB)			
Within 1 year (inclusive)	158.5	196.3	196.7	219.8
After 1 year but within 2 years (inclusive).....	184.5	162.7	155.8	146.1
After 2 years but within 3 years (inclusive)	106.1	117.0	86.7	116.8
After 3 years.....	250.8	146.3	140.2	122.8
Total.....	700.0	622.3	579.4	605.7

Contingent Liabilities

As of August 31, 2015, there was no material legal, arbitration or administrative proceedings that, if adversely determined, we expect would materially and adversely affect our financial position and results of operations.

OFF-BALANCE SHEET ARRANGEMENTS

As of August 31, 2015, we did not have any outstanding off-balance sheet guarantees.

WORKING CAPITAL

Taking into account the financial resources available to us, including our existing cash and cash equivalents, cash flows from operations and net proceeds from this Global Offering, our Directors believe that we have sufficient working capital for at least the next 12 months from the date of this prospectus.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. It is the view of our Directors that each of the related party transactions set out in note 52 of our historical financial information in the Accountants' Report in Appendix I to this prospectus were conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

CAPITAL ADEQUACY AND RISK CONTROL INDICATORS

Pursuant to the CSRC's Administrative Measures for Risk Control Indicators of Securities Companies, or the Risk Control Indicators Measures, we need to comply with statutory Net Capital requirements and other regulatory standards for capital adequacy. Our capital management objective is to meet legal and regulatory requirements while maintaining adequate capital and maximizing returns. We conduct forecast, planning and management of our regulatory capital. We have set up dynamic alarm mechanism on the Net Capital, the liquidity coverage ratio and the net stable funding ratio to monitor and analyze various capital resources and risk control indicators.

Our Net Capital and key regulatory risk indicators of our Company prepared in accordance with the PRC GAAP as of the date indicated are as follows.

	As of December 31,			As of	As of	Warning level ⁽¹⁾	Minimum/
	2012	2013	2014	June 30,	September 30,		Maximum level
Net Capital ⁽²⁾ (in millions of RMB)	5,111.2	4,326.9	4,540.6	5,158.0	5,780.3	—	—
Net Capital/total risk capital reserves ⁽³⁾	654.9%	642.8%	551.7%	483.1%	493.2%	≥120.0%	≥100.0%
Net Capital/net assets	102.7%	83.3%	78.2%	51.7%	56.1%	≥48.0%	≥40.0%
Net Capital/total liabilities ⁽⁴⁾	45.6%	29.2%	27.1%	21.2%	25.3%	≥9.6%	≥8.0%
Net assets/total liabilities ..	44.4%	35.1%	34.7%	41.1%	45.0%	≥24.0%	≥20.0%
Value of equity securities and derivatives held/Net Capital	24.3%	27.4%	30.3%	33.1%	27.2%	≤80.0%	≤100.0%
Value of fixed-income securities held/Net Capital	196.8%	254.4%	210.1%	230.9%	249.8%	≤400.0%	≤500.0%
Liquidity coverage ratio ⁽⁵⁾ ..	N.A.	N.A.	356.4%	312.4%	357.3%	≥120.0% ⁽⁷⁾	≥100.0%
Net stable funding ratio ⁽⁶⁾ ..	N.A.	N.A.	127.4%	142.4%	194.7%	≥120.0% ⁽⁷⁾	≥100.0%

- (1) The warning level is set by the CSRC according to the Risk Control Indicator Measures. If an indicator is required to stay above a minimum level, the warning level is 120% of the minimum requirement, and if an indicator is required to stay below a maximum level, the warning level is 80% of the maximum requirement.
- (2) Net Capital equals net assets minus risk adjustments of financial assets, other assets and contingent liabilities as well as other adjustments determined or authorized by the CSRC.
- (3) Risk capital reserves are reserves required by the CSRC to cover losses that securities firms may incur in their ordinary course of business. Such reserves are calculated based on the scale of business, the number of securities branches and the previous year's operating expenses.
- (4) For purpose of calculating the risk control indicators, the accounts payable to brokerage clients are deducted from total liabilities.

FINANCIAL INFORMATION

- (5) Liquidity coverage ratio = high quality liquid assets/total net cash outflows over the next 30 days \times 100%. The calculation of liquidity coverage ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies (《證券公司流動性風險管理指引》) issued by the SAC effective on March 1, 2014. The high quality liquid assets refers to assets which can be readily converted into cash at small or no loss of value in the financial market under a stress scenario. The total net cash outflows over the next 30 days equals total expected cash outflows minus the total expected cash inflows for the subsequent 30 days.
- (6) Net stable funding ratio = available amount of stable funding/required amount of stable funding \times 100%. The calculation of net stable funding ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies. The available amount of stable funding is defined as the equity and liabilities which provide stable sources of funds over a one-year period under a continued stress scenario. The required amount of stable funding is calculated as the sum of the value of assets or off-balance sheet exposures of a securities firm, multiplied by the respective factors.
- (7) The warning level became effective since June 30, 2015.

In addition, we are required to comply with certain risk indicator requirements to engage in various businesses, such as margin financing and securities lending, principal investment, asset management, direct investment and futures brokerage. As of December 31, 2012, 2013 and 2014 and June 30 and September 30, 2015, we were in compliance with all of the CSRC's capital adequacy and risk control indicator requirements.

QUANTITATIVE AND QUALITATIVE ANALYSIS OF FINANCIAL RISK

We monitor and control key exposures to risks relating to our use of financial instruments, including credit risk, liquidity risk, market risk and operational risk.

In order to monitor and manage the level of our risk exposure, we have established risk management policies to identify and analyze the risks faced by us, set up acceptable risk limits and designed relevant internal control policies and procedures. Our risk management policies and relevant internal control procedures are reviewed periodically and on an ad hoc basis to reflect changes in market conditions and our activities. Our departments responsible for risk management conduct independent assessment on the implementation of risk management policies in business units. Our Corporate Audit Department undertakes both regular and ad hoc reviews on the effectiveness of the implementation of internal control over the risk management policies.

Our Risk Management Committee monitors and controls our risk exposure at the operational level. We also have a Risk Management Department that includes credit risk management division, market risk management division and operational risk management division. The main responsibilities of the Risk Management Department are to identify risks, to inspect, monitor, evaluate and report the implementation of risk policies in each business unit so that our risk exposure as a whole does not exceed the risk preferences set by the senior management, to formulate or assist to formulate relevant risk management measures and set up risk limits, and to regularly report to the Risk Management Committee and the senior management. See "Business — Risk Management" and Note 54 in the Accountants' Report in Appendix I to this prospectus for an overview of our risk management process.

FINANCIAL INFORMATION

Credit Risk

Credit risk represents the potential loss that may arise from the failure of counterparties, clients, intermediary institutions, bond issuers or other business associates to meet their contracted obligation to us.

Currently, our exposure to credit risk arises from:

- direct credit risk from debt borrowers (including borrowers in margin financing and securities lending business) or bond issuers' default or bankruptcy, including the loss due to intermediary institutions such as brokers or a custodian banks. The risk exposure is the total value of the debt outstanding;
- counterparty credit risk from a counterparty's default on the over-the-counter derivative transactions, such as swap or forward. The risk exposure is determined by the change in the market prices of the derivatives; and
- settlement risk from a business associate's failure in delivery of fund or securities when we have fulfilled our delivery obligation.

To mitigate direct credit risk, we have established investment criteria and limits based on bonds variety, credit ratings and issuers. For margin financing and securities lending and financial assets held under resale agreements, we undertake various measures to mitigate our direct credit risk, including holding collaterals from clients, reviewing and setting client trading limits, managing the underlying securities and collaterals and their conversion ratios, real-time and day-end monitoring, executing margin calls and mandatory liquidations and undertaking recourse actions.

FINANCIAL INFORMATION

The following table sets forth our maximum credit risk exposure without taking into account any collateral and other credit enhancements.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Refundable deposits	198.5	220.2	325.0	533.3
Financial assets at fair value through profit or loss	10,571.6	10,974.3	10,845.6	13,092.0
Derivative financial assets	363.2	1,347.4	707.8	1,218.1
Financial assets held under resale agreements ..	438.6	2,499.0	1,621.8	1,385.9
Receivable from margin clients	543.7	2,097.5	3,458.0	7,200.7
Cash held on behalf of brokerage clients	6,931.4	5,235.5	11,084.6	36,319.1
Bank balances	4,034.1	3,095.9	3,418.0	6,149.1
Accounts receivable	1,996.9	3,443.5	8,335.7	9,193.3
Others	242.7	307.3	342.0	347.6
Total maximum credit risk exposure	<u>25,320.7</u>	<u>29,220.6</u>	<u>40,138.6</u>	<u>75,439.1</u>

The following table sets forth our maximum credit risk exposure without taking into account of collateral and other credit enhancements, as categorized by geographic area.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(in millions of RMB)			
Mainland China	19,862.6	23,097.5	28,914.4	59,891.5
Outside Mainland China.....	5,458.1	6,123.1	11,224.2	15,547.6
Total maximum credit risk exposure	<u>25,320.7</u>	<u>29,220.6</u>	<u>40,138.6</u>	<u>75,439.1</u>

Liquidity Risk

Liquidity risk arises when we, despite being solvent at the time, cannot obtain sufficient funding in a timely manner or at a reasonable cost to finance the expansion of our assets or to pay off our obligation when such obligation becomes due.

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and long term.

FINANCIAL INFORMATION

The following tables set forth the undiscounted contractual cash flows of our non-derivative and derivative financial liabilities, including (i) interest payments computed by using contractual rates or (ii) interest payments based on prevailing interest rates, in terms of the remaining contractual maturities calculated based on the earliest date we may be required to pay as of the date indicated.

As of June 30, 2015						
Overdue/ Repayable on demand	Within 1 year	More than 1 year but		Undated	Total	
		within 5 years	More than 5 years			
(in millions of RMB)						
Financial liabilities:						
Accounts payable to brokerage						
clients	42,804.9	—	—	—	—	42,804.9
Placements from financial						
institutions.....	—	2,318.1	—	—	—	2,318.1
Financial liabilities at fair value						
through profit or loss.....	—	9,797.0	—	—	—	9,797.0
Derivative financial liabilities	—	1,231.5	23.4	—	—	1,254.9
Financial assets sold under						
repurchase agreements	—	9,505.6	507.9	—	—	10,013.5
Short-term debt securities issued..	—	2,620.5	533.6	—	—	3,154.1
Long-term debt securities issued..	—	349.3	4,787.2	3,226.8	—	8,363.3
Others	2,360.1	1,466.7	—	—	—	3,826.8
Total.....	<u>45,165.0</u>	<u>27,288.7</u>	<u>5,852.2</u>	<u>3,226.8</u>	<u>—</u>	<u>81,532.7</u>

As of December 31, 2014						
Overdue/ Repayable on demand	Within 1 year	More than 1 year but		Undated	Total	
		within 5 years	More than 5 years			
(in millions of RMB)						
Financial liabilities:						
Accounts payable to brokerage						
clients	15,054.3	—	—	—	—	15,054.3
Placements from financial						
institutions.....	—	1,554.6	—	—	—	1,554.6
Financial liabilities at fair value						
through profit or loss.....	—	7,525.9	—	—	—	7,525.9
Derivative financial liabilities	—	725.4	12.5	—	—	737.8
Financial assets sold under						
repurchase agreements	—	8,428.7	—	—	—	8,428.7
Short-term debt securities issued..	—	912.1	—	—	—	912.1
Long-term debt securities issued..	—	244.4	977.5	4,300.9	—	5,522.7
Others	1,211.2	1,495.6	—	—	—	2,706.8
Total.....	<u>16,265.4</u>	<u>20,886.6</u>	<u>989.9</u>	<u>4,300.9</u>	<u>—</u>	<u>42,442.9</u>

FINANCIAL INFORMATION

As of December 31, 2013

	Overdue/ Repayable on demand	Within 1 year	More than		Undated	Total
			1 year but within 5 years	More than 5 years		
(in millions of RMB)						
Financial liabilities:						
Accounts payable to brokerage clients	5,706.2	—	—	—	—	5,706.2
Placements from financial institutions.....	—	533.0	—	—	—	533.0
Financial liabilities at fair value through profit or loss.....	—	788.3	—	—	—	788.3
Derivative financial liabilities	—	1,037.7	296.5	3.6	—	1,337.9
Financial assets sold under repurchase agreements	—	7,306.7	—	—	—	7,306.7
Short-term debt securities issued..	—	1,012.8	—	—	—	1,012.8
Long-term debt securities issued..	—	244.1	1,156.5	4,361.0	—	5,761.7
Others.....	726.6	1,020.3	—	—	—	1,746.9
Total.....	6,432.7	11,943.0	1,453.0	4,364.7	—	24,193.5

As of December 31, 2012

	Overdue/ Repayable on demand	Within 1 year	More than		Undated	Total
			1 year but within 5 years	More than 5 years		
(in millions of RMB)						
Financial liabilities:						
Accounts payable to brokerage clients	7,816.5	—	—	—	—	7,816.5
Placements from financial institutions.....	—	380.7	—	—	—	380.7
Financial liabilities at fair value through profit or loss.....	—	242.3	—	—	—	242.3
Derivative financial liabilities	—	255.1	85.9	22.7	—	363.7
Financial assets sold under repurchase agreements	—	6,633.2	—	—	—	6,633.2
Long-term debt securities issued..	—	2,515.0	264.6	1,191.3	—	3,970.9
Others.....	77.1	357.3	—	—	—	434.5
Total.....	7,893.7	10,383.6	350.5	1,214.0	—	19,841.8

FINANCIAL INFORMATION

Market Risk

Market risk is the risk of loss in our income and value of financial instruments held arising from adverse market movements such as changes in interest rates, stock prices and foreign exchange rates. The objective of market risk management is to monitor and control market risk within the acceptable range and to maximize the risk adjusted return. Stress testing is conducted regularly, and the potential movements of risk and operating indicators in a variety of scenarios are calculated. We monitor the market risk for trading portfolios and non-trading portfolios separately.

Market Risks of Trading Portfolios

Our trading portfolio includes financial assets at fair value through profit or loss, derivative financial assets, financial liabilities at fair value through profit or loss, and derivative financial liabilities. We measure and monitor our risk exposures in terms of principal, stop loss limit and so on, and maintain our exposure within the limits set up by management. We adopt various kinds of methodologies, including investment concentration limits, scenario analysis and value-at-risk (or VaR) to manage market risk. The VaR analysis is a major tool used by us to measure and monitor market risk of the trading portfolios.

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market rates, such as interest rates, foreign exchange rates and stock prices, over a specified time horizon and at a given level of confidence. Our independent risk management personnel compute VaR by using a historical simulation method and implement relevant control of market risk. The historical simulation method is used to simulate future profit or loss based on the historical fluctuation of the key market risk factors and the sensitivity of current investment portfolio in respect of such risk factors.

We have adopted the historical simulation method and set 95% as our confidence level to compute our daily VaR based on historical data of the previous three years. That means there is 95% chance that the expected loss based on historical data will not exceed the VaR value regarding our investment portfolio. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- When there is severe market illiquidity for a prolonged period, the realizable value of our investment portfolio in a trade day may vary from the expected value due to a one-day time horizon for VaR;
- The assigned confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect intra-day exposures;
- The use of historical data as a basis for determining the possible distribution of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

FINANCIAL INFORMATION

- The VaR measure is dependent upon our position and the volatility of market prices. The VaR of an unchanged position changes if the market price volatility changes.

We set VaR limits for different types of financial instruments and our risk management personnel compute VaRs for such financial instruments on a daily basis to ensure the daily VaRs are within our prescribed VaR limits. When the daily VaRs approach to the VaR limits, our Risk Management Department will give a warning to the relevant business departments. The following tables set forth our computed VaRs by risk categories as of the dates and for the periods as indicated. Each table sets forth (i) the daily VaRs we computed as of the end of the respective period, (ii) the highest and lowest daily VaRs during the respective period, and (iii) the average of daily VaRs during the respective period.

	As of June 30, 2015	For the six months ended June 30, 2015		
		Average	Highest	Lowest
		(in millions of RMB)		
Price-sensitive financial instruments ⁽¹⁾	5.2	7.2	13.5	3.1
Interest-rate-sensitive financial instruments ⁽²⁾ ...	14.9	12.2	15.2	7.4
Exchange-rate-sensitive financial instruments ⁽³⁾	2.5	3.8	9.7	0.4
Total portfolio	15.2	14.4	20.5	8.9

(1) Include equities and the price-sensitive portion of derivative products.

(2) Include fixed-income products and the interest-rate-sensitive portion of derivative products.

(3) Include financial products (including derivatives) which are affected by changes in exchange rates.

	As of December 31, 2014	For the year ended December 31, 2014		
		Average	Highest	Lowest
		(in millions of RMB)		
Price-sensitive financial instruments	5.1	8.3	22.5	1.0
Interest-rate-sensitive financial instruments	9.3	11.7	16.4	7.8
Exchange-rate-sensitive financial instruments...	2.9	4.2	8.8	0.4
Total portfolio	12.3	16.2	29.3	8.7

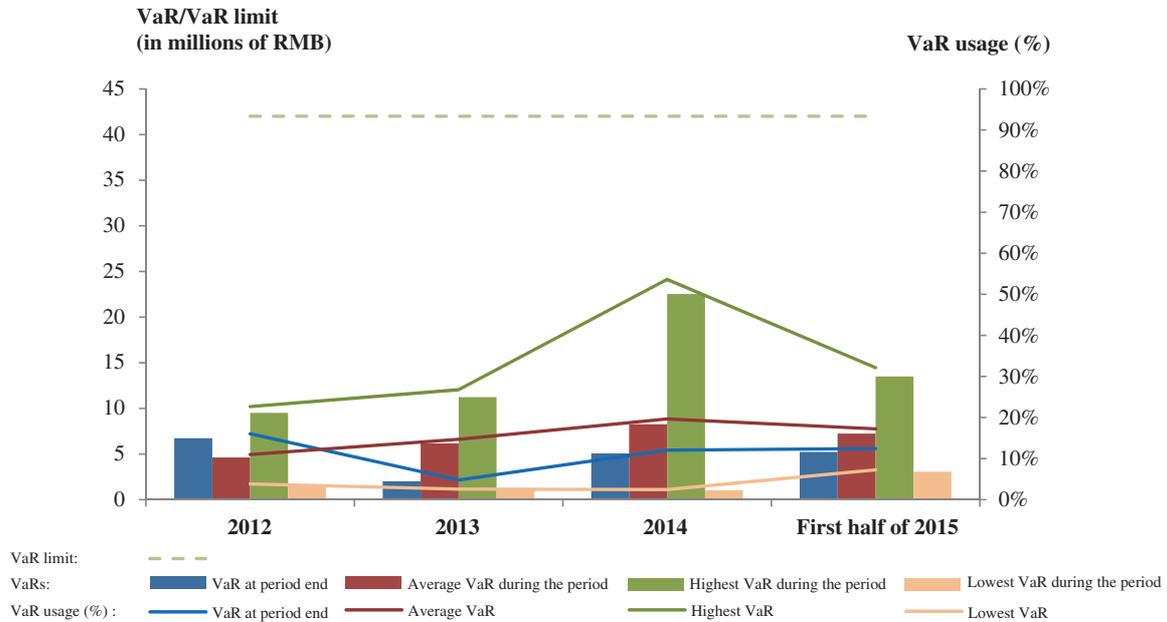
	As of December 31, 2013	For the year ended December 31, 2013		
		Average	Highest	Lowest
		(in millions of RMB)		
Price-sensitive financial instruments	2.0	6.2	11.2	1.1
Interest-rate-sensitive financial instruments	8.2	8.0	10.1	5.1
Exchange-rate-sensitive financial instruments...	2.1	2.2	4.9	0.2
Total portfolio	8.7	10.9	15.2	7.0

FINANCIAL INFORMATION

	As of December 31, 2012	For the year ended December 31, 2012		
		Average	Highest	Lowest
		(in millions of RMB)		
Price-sensitive financial instruments	6.7	4.6	9.5	1.6
Interest-rate-sensitive financial instruments	6.9	9.2	19.5	4.1
Exchange-rate-sensitive financial instruments	2.7	1.7	3.9	0.2
Total portfolio	10.6	10.6	18.4	5.6

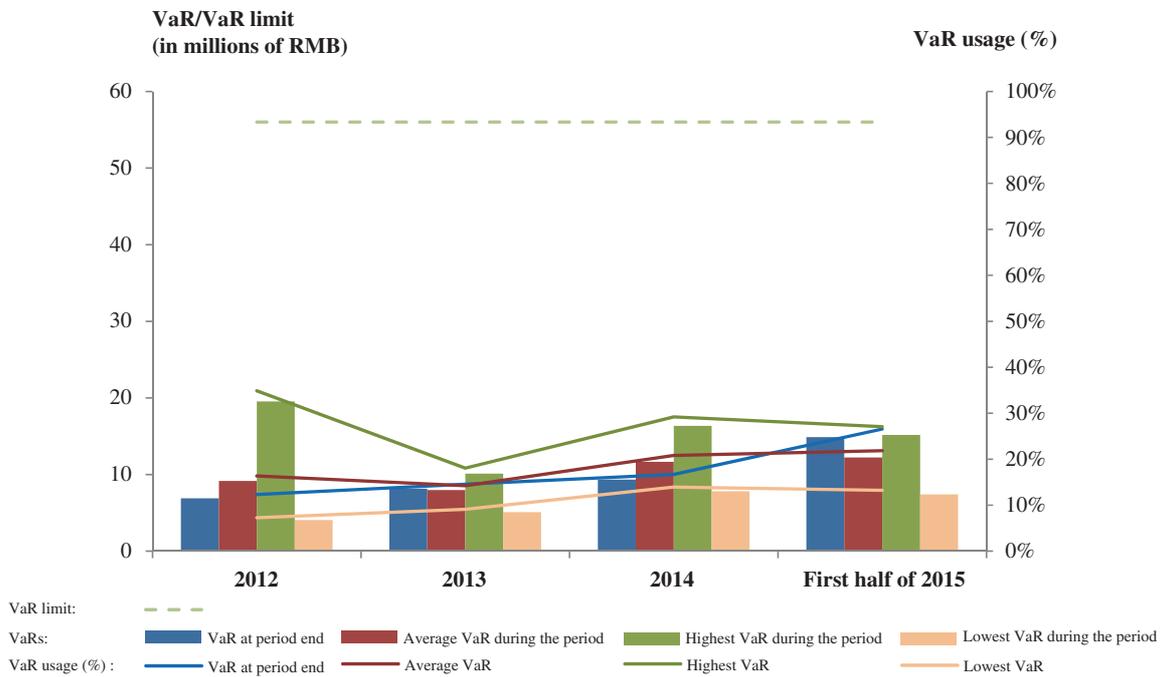
The charts below set forth our VaRs and VaR limits by risk categories as of the period end and for each period during the Track Record Period. VaR usage is calculated by dividing VaR as of a particular date by the pre-determined VaR limit.

Price-sensitive VaR

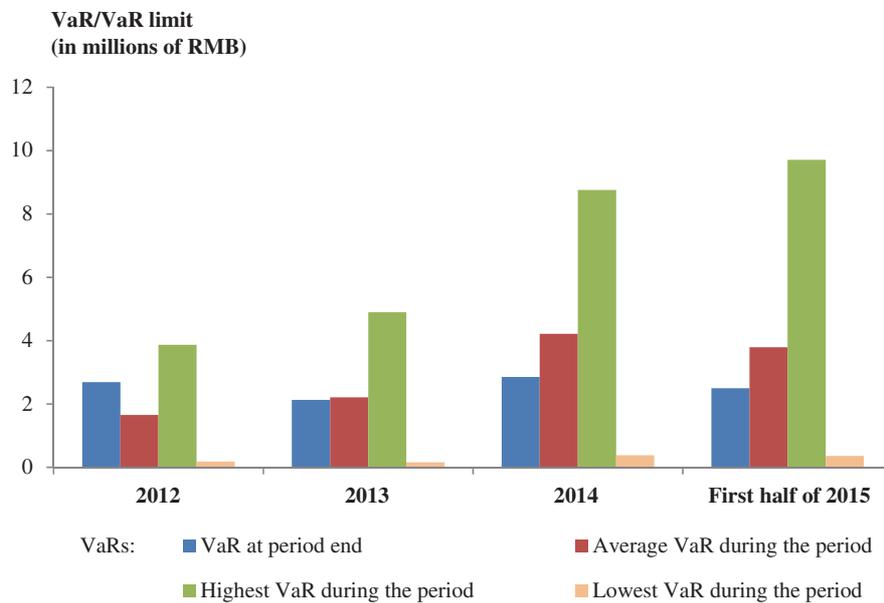


FINANCIAL INFORMATION

Interest-rate-sensitive VaR



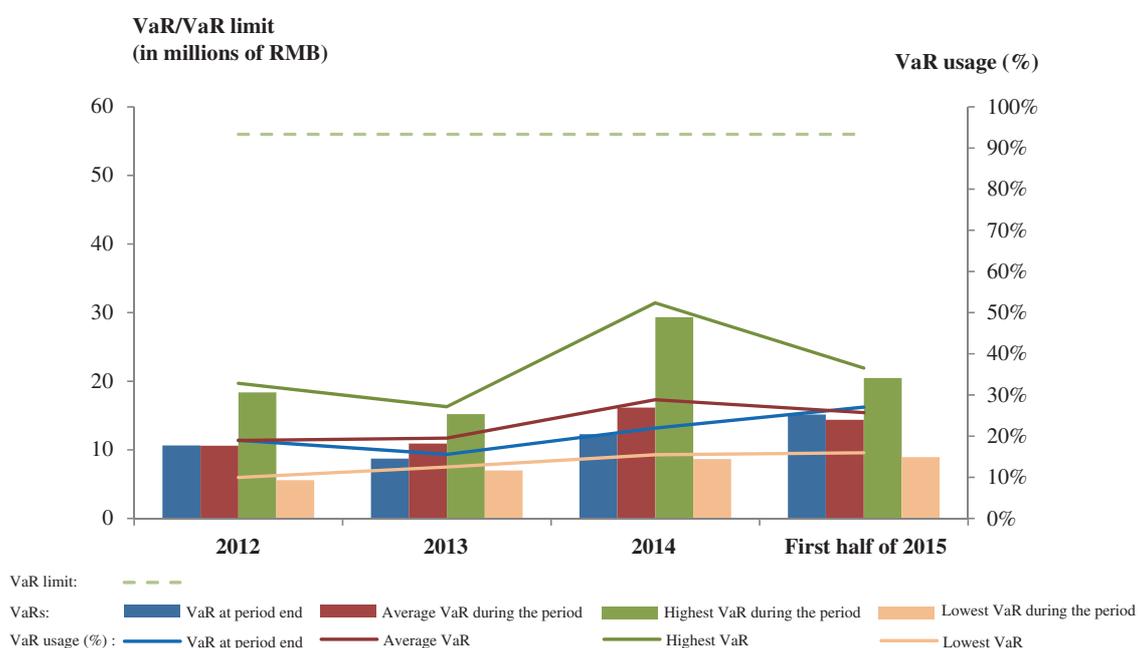
Exchange-rate-sensitive VaR



- (1) Because our exposure to exchange-rate-sensitive financial instruments is small, we haven't set forth a separate VaR limit for such financial instruments. Such exposure is taken into account in the VaR limit for our total investment portfolio and we compute the daily VaR for these financial instruments.

FINANCIAL INFORMATION

VaR of Total Investments



Interest Rate Risk

Our non-trading portfolios are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, our major interest-earning assets in our non-trading portfolios include deposits at banks and in clearing houses and securities purchased under resale agreements. Our interest-bearing liabilities primarily include short-term debt securities issued, placements from financial institutions, financial assets sold under repurchase agreements and long-term debt securities issued.

We adopt sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows.

	As of December 31,			As of
	2012	2013	2014	June 30, 2015
	(in millions of RMB)			
Sensitivity of net profit and equity				
Increase by 50 basis points	(18.6)	(15.0)	(15.9)	(18.5)
Decrease by 50 basis points or decrease to zero	23.6	13.7	16.8	24.2

FINANCIAL INFORMATION

The sensitivity analysis is based on the static rate risk profile of our assets and liabilities. The sensitivity analysis measures the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by re-pricing of our assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions that:

- the 50 basis points of changes in interest rates at the end of the reporting periods apply to all of our non-trading financial instruments in the next 12 months;
- there is a parallel shift in the yield curve with the changes in interest rate;
- there are no changes to the assets and liabilities portfolios;
- other variables (including exchange rate) remain unchanged; and
- risk management measures undertaken by us are not considered.

Due to the above assumptions, the actual changes of interest rate and the impact to our net profit and equity might vary from the estimated results of the sensitivity analysis.

Currency Risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. We adopt sensitivity analysis to measure our currency risk. Assuming all other risk variables remain unchanged and without consideration of risk management measures undertaken by us, a 5% weakening of the Renminbi against the U.S. dollar, the Hong Kong dollar and other currencies at the date indicated, which would apply to the next 12 months, would have increased or decreased our equity and net profit or loss by the amount shown below.

Changes	As of December 31,			As of June 30,	
	2012	2013	2014	2015	
	(in millions of RMB)				
Net profit and equity					
U.S. dollar	5%	(3.3)	(10.1)	(23.9)	(40.1)
Hong Kong dollar	5%	41.9	37.0	27.4	40.1
Others	5%	6.8	5.3	7.6	7.8

A 5% strengthening of the Renminbi against the U.S. dollar and Hong Kong dollar and other currencies at the respective dates would have had equal but opposite effect on our net profit or loss and equity in the amounts shown above on the basis that all other variables remain unchanged.

FINANCIAL INFORMATION

On August 11, 2015, the PBOC announced changes to the mechanism for determining the mid-point price of Renminbi against the U.S. dollar. The mid-point of Renminbi against the U.S. dollar depreciated by approximately 4.78% from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. The following table sets forth, as of August 31, 2015, our major financial assets and liabilities that are subject to foreign exchange risk and net positions by currency.

	As of August 31, 2015				
	RMB	US\$	HK\$	Others	Total
	(in millions of RMB equivalent)				
	(unaudited)				
Financial Assets					
Available-for-sale financial assets	291.0	237.3	—	—	528.2
Deferred tax assets.....	407.2	—	74.1	—	481.3
Pledged deposits	504.0	2.1	42.4	0.5	549.0
Accounts receivable	3,479.0	5,204.2	1,370.7	222.3	10,276.2
Receivable from margin clients.....	2,710.0	—	286.7	—	2,996.7
Financial assets at fair value through					
profit or loss	26,312.1	2,485.2	768.0	0.0	29,565.2
Derivative financial assets	958.3	794.1	0.1	31.1	1,783.6
Securities held under resale agreements .	741.1	246.2	—	—	987.3
Interest receivable.....	536.0	19.0	0.0	0.0	555.0
Cash and bank balances	51,727.8	1,912.4	2,633.8	28.1	56,302.1
Other financial assets.....	82.5	48.3	20.9	2.8	154.5
Total	<u>87,749.0</u>	<u>10,948.7</u>	<u>5,196.8</u>	<u>284.7</u>	<u>104,179.2</u>
Financial Liabilities					
Financial Liabilities at fair value					
through profit or loss.....	5,393.6	261.2	370.7	1.2	6,026.7
Derivative financial liabilities	433.4	824.4	0.3	2.0	1,260.1
Account payables to brokerage clients ...	43,396.0	3,712.9	2,613.6	11.6	49,734.1
Placements from financial institutions....	1,253.0	1,757.1	87.6	—	3,097.7
Short-term debt securities issued.....	2,750.0	—	—	—	2,750.0
Financial assets sold under repurchase					
agreements	10,608.5	291.6	—	—	10,900.1
Employee benefits payable.....	1,726.1	179.3	531.1	44.0	2,480.5
Income tax payable	290.0	2.1	68.7	—	360.9
Non-current employee benefits.....	60.1	52.1	28.5	3.6	144.3
Long-term debt securities issued	5,000.0	1,054.2	—	—	6,054.2
Deferred tax liabilities	43.0	—	—	—	43.0
Other financial liabilities	6,341.5	5,174.4	175.0	51.2	11,742.2
Total	<u>77,295.2</u>	<u>13,309.4</u>	<u>3,875.5</u>	<u>113.6</u>	<u>94,593.7</u>
Net position	<u>10,453.7</u>	<u>(2,360.8)</u>	<u>1,321.4</u>	<u>171.1</u>	<u>9,585.4</u>

FINANCIAL INFORMATION

DIVIDEND POLICY

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders' general meeting for approval. We currently do not have any specific dividend policy. The determination of whether to pay a dividend and in what amount is based on our results of operations, cash flows, financial condition, capital adequacy ratio, cash dividends we receive from our subsidiaries, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board of Directors deems relevant.

According to our Articles of Association, we will pay dividends out of our distributable profit after tax of the year only after we have made the following allocations from our profit after tax of the year:

- recovery of accumulated losses, if any;
- allocations to the statutory surplus reserve equivalent to 10% of our profit after tax, and, when the statutory surplus reserve reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory surplus reserve will be required;
- allocations to the general risk reserve equivalent to 10% of our profit after tax; and
- allocations to the trading risk reserve equivalent to 10% of our profit after tax.

In accordance with our Articles of Association, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRS or the accounting rules of the listing venue, whichever is lower.

We did not declare or pay cash dividends to our Shareholders in 2012, 2013 and 2014. As approved by our Shareholders' general meeting, our existing and new Shareholders will be entitled to our accumulated undistributed profits prior to the Global Offering.

DISTRIBUTABLE RESERVES

As of June 30, 2015, our Company had retained profits of RMB877.3 million which will be available for distribution to the Shareholders of our Company after appropriations for the general reserve and surplus reserve.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Listing and the Global Offering. As of June 30, 2015, we incurred listing expenses of RMB38.7 million and the total listing expenses to be borne by us are estimated to be approximately RMB182.1 million, of which approximately RMB119.4 million is directly attributable

FINANCIAL INFORMATION

to the issue of H Shares to the public and to be capitalized, and approximately RMB62.7 million has been or is expected to be reflected in our consolidated statements of profit or loss and other comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations for 2015.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets attributable to our Shareholders is prepared based on our consolidated net tangible assets attributable to our Shareholders as of June 30, 2015, adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to our Shareholders have been prepared for illustrative purposes only, and because of their hypothetical nature, they may not give a true picture of our consolidated financial position had the Global Offering been completed as of June 30, 2015 or any future date following the Global Offering.

The unaudited pro forma statement of adjusted consolidated net tangible assets attributable to our Shareholders has been prepared to show the effect on our unaudited consolidated net tangible assets attributable to our Shareholders at June 30, 2015 as if the Global Offering had occurred on June 30, 2015. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to our Shareholders are calculated in accordance with Listing Rules 4.29.

	Consolidated net tangible assets attributable to shareholders of our Company as of June 30, 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to shareholders of our Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to shareholders of our Company per share	
	RMB' million (Note 1)	RMB' million (Notes 2 and 4)	RMB' million	RMB (Note 3)	HK\$ (Note 5)
Based on Offer Price of HK\$9.12 for each Offer Share	10,155	4,059	14,214	6.39	7.80
Based on Offer Price of HK\$10.28 for each Offer Share	10,155	4,582	14,737	6.63	8.09

- (1) The consolidated net tangible assets attributable to shareholders of our Company as of June 30, 2015 is derived from our historical financial information set forth in the Accountants' Report in Appendix I to this prospectus, which is based on the consolidated net assets attributable to shareholders of our Company of June 30, 2015 of RMB10,157 million with an adjustment for intangible assets of RMB2 million as of June 30, 2015.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$9.12 per H Share and HK\$10.28 per H Share and the assumption that there are 555,824,000 newly issued H Shares in the Global Offering, after deduction of the underwriting fees and other related expenses related to the Global Offering payable by our Company, assuming that the Over-allotment Option is not exercised.

FINANCIAL INFORMATION

- (3) The unaudited pro forma adjusted consolidated net tangible assets per share is calculated on the basis that 2,223,297,000 Shares are issued and outstanding assuming that the Global Offering has been completed on June 30, 2015 and the Over-allotment Option is not exercised.
- (4) For the purpose of estimated net proceeds from the Global Offering and the calculation of the unaudited pro forma adjusted net tangible assets per Share, the translation between Renminbi and Hong Kong dollar has been made at the rate of RMB0.8197 to HK\$1.00, the exchange rate set by the PBOC prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
- (5) The unaudited pro forma adjusted consolidated net tangible assets do not take into account the financial results or other transactions of our Company subsequent to June 30, 2015, including the acquisition of Fortune Futures.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Hong Kong Listing Rules.

ACQUISITION AFTER THE TRACK RECORD PERIOD

We acquired the entire equity interest in Fortune Futures, a PRC-based futures brokerage company, from Jianyin Investment, a wholly owned subsidiary of Huijin, for a total consideration of RMB247.7 million in August 2015. See “Our History and Corporate Structure” for more details of the acquisition.

The total revenue and other income of Fortune Futures for the three years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were RMB30.5 million, RMB47.8 million, RMB63.7 million and RMB65.2 million, respectively. The profit and total comprehensive income for the three years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were RMB4.3 million, RMB9.0 million, RMB12.1 million and RMB11.8 million, respectively. As of December 31, 2012, 2013 and 2014 and June 30, 2015, Fortune Futures had net assets of RMB209.0 million, RMB218.0 million, RMB230.1 million and RMB241.9 million, respectively. Taking into account the amount of consideration of the acquisition and the size of Fortune Futures, we do not consider the acquisition would have any material financial impact on our Group as a whole. See Note 57(a) to the Accountants’ Report in Appendix I to this prospectus for the historical financial information of Fortune Futures and Appendix II for the pro forma financial information in respect of the enlarged group.

RECENT DEVELOPMENTS

Our Company was converted into a joint stock company with limited liability in June 2015. For more details, see “Our History and Corporate Structure.”

On July 17, 2015, we completed one issuance of short-term commercial papers in a principal amount of RMB800.0 million, which bear an interest rate of 3.00% per annum and have a maturity date of October 15, 2015.

FINANCIAL INFORMATION

On July 7, 2015, we completed one issuance of beneficiary certificates, with a principal amount of RMB0.7 billion. We repaid these beneficiary certificates in full on July 21, 2015. In September 2015, we repaid beneficiary certificates with an aggregate principal amount of RMB250 million and short-term commercial papers with an aggregate principal amount of RMB800 million.

Recently, the PRC A share market has been volatile. It experienced a significant surge from the second half of 2014 to mid-June 2015, which was followed by a sharp decline. The PRC Government has taken monetary and regulatory measures to stabilize the market. In addition, starting from mid-August 2015, the global equity markets, including the United States, Europe and Hong Kong, also experienced increased volatilities. Market volatilities, especially in the A share and Hong Kong equity markets, if they persist, are expected to materially and negatively impact our revenue and profit for the second half of 2015. Nevertheless, there remain uncertainties with respect to the markets' future movements and how long such volatilities will continue. For more details, see "Summary — Recent Developments and No Material Adverse Change," "Risk Factors — Risks Relating to Our Business and Industry — Changes in the general economic and market conditions in China and other jurisdictions where we operate could materially and adversely affect our business" and "Risk Factors — Risks Relating to Our Business and Industry — Our investment banking business is subject to various risks associated with underwriting of securities offering and financial advisory services and we cannot assure you that our underwriting and sponsoring fees and financial advisory fees can be sustained."

The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On August 11, 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78% from August 10 to August 27, 2015, on which date such mid-point price was the lowest since the adjustment. We cannot predict how the Renminbi will fluctuate in the future. See "Risk Factors — Risks Relating to China — Future fluctuations in the value of Renminbi could have a material adverse effect on our financial condition and results of operations."

NO MATERIAL ADVERSE CHANGE

Except as disclosed in "— Recent Developments" above and "Summary — Recent Developments and No Material Adverse Change," our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that, as of the date of this prospectus, there has been no other material adverse change in our financial position or prospects since June 30, 2015 and there has been no other event since June 30, 2015 which would have material adverse effect on the information presented in the Accountants' Report in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$9.70 per H Share (being the mid-point of the stated range of the Offer Price of between HK\$9.12 and HK\$10.28 per H Share), we estimate that we will receive net proceeds of approximately HK\$5,169.3 million from the Global Offering (after deducting (i) the net proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other estimated expenses and assuming the Over-allotment Option is not exercised).

In line with our business strategies, we intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below:

- approximately 45%, or HK\$2,326.2 million, will be used to further develop the businesses of Equity Sales and Trading and FICC:
 - providing institutional clients with trading facilitation and liquidity support through capital-based intermediary services;
 - expanding our trading platform that covers a full range of asset class with cross-border execution functionalities; and
 - conducting principal investments in fixed income, equities, currencies and commodities, as well as related derivatives products for our own accounts to maintain and increase the value of our assets;
- approximately 20%, or HK\$1,033.9 million, will be used to develop our wealth management business, primarily:
 - developing our capital-based intermediary services including margin financing and securities lending, stock-based lending and total return swap businesses;
 - further strengthening our product platform through advisory services, transactional services and product services, as well as IT system and Internet-finance platform development; and
 - expanding our wealth management team;
- approximately 5%, or HK\$258.5 million, will be used to develop our investment management business, primarily:
 - providing seed capitals for asset management, fund management and private equity to increase the AUM of our investment management business;

FUTURE PLANS AND USE OF PROCEEDS

- injecting capital into the subsidiaries that engage in investment management business; and
- increasing the investment in investment research, sales team and product offering system to enhance our core competitiveness;
- approximately 20%, or HK\$1,033.9 million, will be used in our international business to enhance our cross-border capabilities and global influence:
 - injecting capital into our overseas subsidiaries for their business developments;
 - conducting trading of overseas financial products and related derivatives products;
 - making selective strategic investments to expand our overseas platform; and
 - developing global transaction execution capability to strengthen our cross-border advantages and bolster our international business; and
- approximately 10%, or HK\$516.9 million, will be used for working capital and general corporate purposes.

Assuming the Over-allotment Option is not exercised, (i) our net proceeds will be increased by approximately HK\$315.9 million in the event that the Offer Price is fixed at HK\$10.28 per Offer Share (being the high-end of the stated range of the Offer Price); and (ii) our net proceeds will be decreased by approximately HK\$315.9 million in the event that the Offer Price is fixed at HK\$9.12 per Offer Share (being the low-end of the stated range of the Offer Price).

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$9.70 per Offer Share (being the mid-point of the stated range of the Offer Price), we will receive additional net proceeds of approximately HK\$792.5 million (after deducting (i) the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other estimated expenses in connection with the Global offering)). We intend to use all the additional net proceeds proportionately as set out above. Assuming the Over-allotment Option is exercised in full, (i) our net proceeds will be increased by approximately HK\$363.3 million in the event that the Offer Price is fixed at HK\$10.28 per Offer Share (being the high-end of the Offer Price range stated in this prospectus); and (ii) our net proceeds will be decreased by approximately HK\$363.3 million in the event that the Offer Price is fixed at HK\$9.12 per Offer Share (being the low-end of the stated range of the Offer Price).

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, and to the extent permitted by applicable laws and regulations, we intend to apply our net proceeds to short-term investment such as liquid assets classes.

REGULATORY ENVIRONMENT

REGULATORY ENVIRONMENT OF THE PRC

Overview

The Company mainly conducts business in China and all of our operations in China are subject to the applicable PRC laws, administrative regulations, departmental regulations and other regulatory documents which mainly aim to protect the interest of customers and investors of securities companies. Set forth below is the summary of principal laws and regulations applicable to our business, rather than a detailed description of all the laws and regulations which our business needs to comply with. In recent years, in tandem with the reform in securities and financial sectors, the laws and regulations on the securities and finance industries have been undergoing constant changes. Changes in the applicable laws and regulations or regulatory policies from time to time may have significant impact on the industry we operate in.

Major Regulatory Authorities and Relevant Organizations

CSRC

According to the Securities Law, the Law of the People's Republic of China on Securities Investment Funds (中華人民共和國證券投資基金法) ("Securities Investment Fund Law") and the Regulations on the Administration of Futures Trading (期貨交易管理條例) ("Regulations of Futures Trading"), the CSRC is responsible for the centralized and unified supervision and management of the securities markets nationwide and maintaining the order thereof so as to secure their lawful operations. The main duties of the CSRC are as follows:

- To enact regulations and rules in relation to the supervision and management of the securities, securities investment funds and futures markets, and to exercise the rights of approval, verification or registration according to law;
- To supervise and manage the issuance, listing, trading, registration, deposit and settlement of securities and the listing, trading, settlement, delivery of futures and related activities according to law;
- To supervise and manage the securities business activities of the securities issuers, listing companies, securities companies, securities investment fund management companies and other fund managers and custodians, securities service organizations, stock exchanges and securities registration and settlement organizations according to law; and to supervise and manage futures business activities of market-related participants, including the futures exchanges, futures companies, other futures business institutions, non-futures companies clearing members, futures margin security depository monitoring institutions, futures margin depository banks, delivery warehouses, etc.;
- To enact qualification standards and practice codes for securities business personnel, fund practitioners and futures practitioners according to law, and supervise their implementation;

REGULATORY ENVIRONMENT

- To supervise and inspect the disclosure of information relating to the issuance, listing and trading of securities, the disclosure of fund information, and information of futures trading according to law;
- To regulate and supervise the activities of the SAC, the funding association of China and the China Futures Association according to law;
- To investigate and punish activities in violation of laws and administrative regulations in relation to supervision and management of the securities and futures markets according to law; and
- To perform other duties stipulated by the applicable laws and administrative regulations.

Stock Exchange

Under the Securities Law and the Measures for the Administration of Stock Exchanges (證券交易所管理辦法), a stock exchange is a non-profit self-regulatory legal entity which provides venues and facilities for centralized trading of securities and organizes and supervises trading of securities.

The main duties of a stock exchange are as follows:

- To provide venues and facilities for trading of securities;
- To enact operating rules for stock exchanges;
- To accept listing applications and to arrange listing of securities;
- To organize and supervise trading of securities;
- To supervise its members;
- To supervise the listed companies;
- To establish securities registration and settlement organizations;
- To manage and announce market information;
- To handle suspension of listing, resumption of listing and delisting of listed shares and corporate bonds;
- To adopt measures of technical trading halt or to decide to temporarily close the market in case of emergency; and
- To perform other duties as permitted by the CSRC.

REGULATORY ENVIRONMENT

Futures Exchange

Under the Regulations of Futures Trading (期貨交易管理條例) and the Measures for the Administration of Futures Exchanges (期貨交易所管理辦法), a futures exchange is a non-profit legal entity which provides venues and facilities for centralized trading of futures, organizes and supervises trading of futures, and exercises self-regulatory management according to its articles of association and trading rules. The main duties of a futures exchange are as follows:

- To provide venues, facilities and services for trading;
- To design contracts and arrange for listing of contracts;
- To organize and supervise the trading, clearing and settlement and delivery of futures;
- To provide centralized guarantees for contract performance in futures tradings;
- To supervise and manage its members in accordance with its articles of association and trading rules;
- To enact and implement the trading rules and implementing regulations of the futures exchange;
- To announce market information;
- To regulate its members and their clients, designated delivery warehouse, futures margin depository banks and the futures businesses of other participants in the futures market;
- To investigate and punish irregularities; and
- To perform other duties as specified by the futures supervision and administration authorities of the State Council.

The Securities Association of China (SAC)

The SAC is a self-regulatory organization of the securities industry. It is a non-profit social organization with legal person status, subject to the guidance and supervision of the CSRC. The SAC regulates the securities industry through its general assembly of members consisting of securities companies and other member. According to the Securities Law, a securities company shall join the SAC. The main duties of the SAC include enactment of the rules to abide by its members, and supervision and inspection of the conducts of its members.

REGULATORY ENVIRONMENT

The Asset Management Association of China (AMAC)

Under the Securities Investment Fund Law (證券投資基金法), the AMAC is a self-regulatory organization of the securities investment fund industry and a non-profit social organization with legal person status. Fund managers and fund custodians shall join the AMAC. The main duties of the AMAC include enactment and implementation of self-regulatory rules, and supervision and inspection of the practices of its members and practitioners.

China Futures Association (CFA)

Under the Regulations of Futures Trading (期貨交易管理條例), the CFA is a self-regulatory organization of the futures industry and a non-profit social organization with legal person status. The CFA is subject to the guidance and supervision of the CSRC. Futures companies and the other institutions engaged in futures trading shall join the CFA. The main duties of the CFA include enactment of self-regulatory rules to abide by its members and supervision and inspection of the conducts of its members.

Other Organizations

Other organizations relating to the Company's business and operating activities primarily include China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司), China Securities Investor Protection Fund Corporation Limited (中國證券投資者保護基金有限責任公司), China Futures Margin Monitoring Center Co., Ltd. (中國期貨保證金監控中心有限責任公司), China Securities Finance Corporation Limited (中國證券金融股份有限公司), National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) and National Equities Exchange and Quotations Co. Ltd. (全國中小企業股份轉讓系統有限責任公司).

Industry Entry

Industry Entry Requirements For Securities Companies

(1) Establishment

The Securities Law and the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例) stipulate the authorized scope of business of securities companies and establish the standards required for entry into the industry and other requirements. The establishment of a securities company must be approved by the CSRC, and the securities business permit must be obtained subject to the following conditions:

- The articles of association of the proposed securities company shall comply with laws and administrative regulations;
- The major shareholders of the proposed securities company shall have sustainable profitability, good reputation and no record of serious violation of laws or regulations during the past three years, and shall have net assets of not less than RMB200.0 million;

REGULATORY ENVIRONMENT

- It shall have the registered capital required by the Securities Law. For a securities company engaging in the business of securities brokerage, securities investment consulting and financial advisory business in relation to securities trading and securities investment, the minimum registered capital shall be RMB50 million; for a securities company engaging in one of the businesses of securities underwriting and sponsorship, proprietary securities trading, securities assets management and other securities businesses, the minimum registered capital shall be RMB100 million; for a securities company engaging in two or more of the businesses of securities underwriting and sponsorship, proprietary securities trading, securities assets management and other securities businesses, the minimum registered capital shall be RMB500 million;
- The directors, supervisors and senior management of the proposed securities company shall be qualified, the practitioners shall have securities practice qualification and no less than three of senior management should have at least two years of experience in senior management in the securities industry;
- It shall have effective risk management system and internal control systems;
- It shall have suitable premises and facilities for operation; and
- Other conditions stipulated by laws, administrative regulations and the CSRC.

The Rules for Establishment of Foreign-invested Securities Companies (外資參股證券公司設立規則) (the “Rules”) clearly set out the conditions and procedures for establishment of a foreign-invested securities company. Unless with the consent of the PRC Government, a foreign-invested securities company shall meet the following conditions:

- The aggregate (including direct holding and indirect control) shareholdings of foreign shareholders or their interests in a foreign-invested securities company shall not exceed 49%;
- For foreign investors who lawfully hold 5% or more of the shares in a listed domestically-funded securities company through securities trading on a security exchange or who jointly hold more than 5% of the shares of a listed domestically-funded securities company with others by agreement and other arrangement, approval from the CSRC must be obtained, and the relevant conditions for foreign shareholders of foreign-invested securities companies must be satisfied; and
- The shareholdings held (including direct holding and indirect control) by a single foreign-investor in a listed domestically-funded securities company shall not exceed 20%. The shareholdings held (including direct holding and indirect control) by all foreign investors in a listed domestically-funded securities company shall not exceed 25%.

Haiwen & Partners, our PRC legal advisers, has advised based on the fact that our Company was established in 1995 as a Chinese-foreign joint venture approved by the PBOC and converted into a foreign-invested joint stock company with limited liabilities, our Company is regarded a

REGULATORY ENVIRONMENT

foreign-invested securities company rather than a domestically-funded securities company under the Rules, and accordingly shall comply with the 49%-restriction rather than the 25%-restriction on the aggregate shareholding of foreign investors. Our Company has been exempted from compliance with the 49%-restriction. Our shareholding structure immediately following the Listing is further described in “Our History and Corporate Structure” and “Share Capital”.

We have consulted the CSRC on our compliance with the Rules for the purpose of the Global Offering, and the Global Offering and Listing have been approved by the CSRC on July 29, 2015.

(2) *Business Scope*

According to the Securities Law, upon approval by the CSRC, a securities company can engage in some or all of the following businesses:

- Securities brokerage;
- Securities investment consulting;
- Financial advisory business in relation to securities trading and securities investment activities;
- Securities underwriting and sponsorship;
- Proprietary securities trading;
- Securities assets management; and
- Other securities businesses.

The securities company shall obtain approval from the CSRC for any change of the business scope. Subject to the approval by the CSRC, the securities company may engage in businesses not clearly stated in the Securities Law, the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例) and the rules and regulatory documents of the CSRC.

(3) *Material Changes*

According to the Securities Law, approval from the CSRC shall be obtained for the following material changes of a securities company: the establishment, acquisition or de-registration of a branch; change in the scope of business; increase in registered capital and material adjustment to the equity structure; decrease in registered capital; change of any shareholder holding more than 5% of the equity interests and *de facto* controller; change in important articles of the articles of association; any merger, division, cessation, dissolution and bankruptcy.

REGULATORY ENVIRONMENT

According to the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例), any entity or individual holding or actually controlling 5% equity interests of a securities company without approval shall be ordered by the securities regulatory authority of the State Council for rectification within a prescribed period. Before the rectification, such equity interests do not carry voting rights.

In addition, according to Guidelines No. 10 on Administrative Approval for Securities Companies — Increase and Change in Equity Interest of Securities Companies (證券公司行政許可審核工作指引第10號 — 證券公司增資擴股和股權變更), if an enterprise directly or indirectly owned by a foreign investor invests in a securities company, the indirect equity interest of the foreign investor in the securities company as calculated based on equity penetration shall not be more than 5%. The indirect equity interests of a foreign investor in a securities company shall be exempted from such restriction if all of the following conditions are satisfied:

- The foreign investor indirectly holds equity interest in the securities company through a listed company;
- The largest shareholder, controlling shareholder or de facto controller of the listed company is a Chinese investor;
- If there is a change in the equity structure of the listed company in the future where a foreign investor indirectly controls the equity interest of such securities company through controlling the listed company and violates the opening-up policy of China, the violation shall be rectified within a specified period. The relevant equity interest shall carry no voting rights before it is rectified; and
- The foreign investor shall be prohibited from establishing any joint venture securities company with a domestic securities company or making strategic investment in a listed securities company as long as the foreign investor indirectly owns more than 5% of the equity interest in one or more domestic securities companies.

The CSRC has gradually authorized its local branches to review and approve certain kinds of applications for material changes by securities companies. According to the Decision on Authorization of Local Branches to Review and Approve Items Requiring Administrative Permission of Certain Securities Institutions (關於授權派出機構審核部分證券機構行政許可事項的決定) and the Decision of the State Council in Relation to the Cancellation and Adjustment of the Sixth Group of Items Requiring Administrative Approval (國務院關於第六批取消和調整行政審批項目的決定) (Sixth Decision of the State Council), the CSRC's local branches are formally authorized to review and approve the following material changes of securities companies:

- Change of important articles of the articles of association;
- Establishment, acquisition or de-registration of a branch;

REGULATORY ENVIRONMENT

- Some items regarding change of the registered capital of a securities company, including increase in capital of unlisted securities companies which involves review of qualification of shareholders or the de facto controller, increase in capital of unlisted securities companies which involves the change of de facto controller, controlling shareholder or the largest shareholder of a securities company, decrease in capital of an unlisted securities company;
- A change of shareholders with more than 5% of shareholdings and de facto controller of an unlisted securities company; and
- Addition or reduction of the business of securities brokerage, securities investment consulting and financial advisory business in relation to securities trading and securities investment, proprietary securities trading, securities assets management and securities underwriting.

(4) *Establishment of Subsidiaries, Branch Offices and Securities Branches*

According to the Provisional Regulatory Requirements on Establishment of Subsidiaries of Securities Companies (證券公司設立子公司試行規定), subject to the approval of the CSRC, securities companies may establish wholly owned subsidiaries and also invest jointly in the establishment of subsidiaries with other investors who meet the required conditions for shareholders of securities companies stipulated in the Securities Law. However, operation of similar businesses that involve conflicts of interest or competition is not permitted for a securities company and its subsidiaries, or for subsidiaries that are under common control of the same securities company. A subsidiary cannot directly or indirectly hold equity interest or shares of its controlling shareholder, or of subsidiaries under the common control of the same securities company, or otherwise invest in its controlling shareholder or subsidiaries under the common control of the same securities company. A subsidiary referred to in such requirements shall mean a securities company established in accordance with the Company Law and the Securities Law and controlled by a securities company, and engage in one or more securities businesses approved by the CSRC.

In accordance with the Regulatory Requirements on Branches of Securities Companies (證券公司分支機構監管規定), branches of a securities company shall refer to the branch offices and securities branches established by the securities company in the PRC for business operation. Establishment and acquisition of branches by a securities company shall fulfill the relevant conditions, and approval from the securities regulatory bureaus authorized by the CSRC must be obtained for the establishment, acquisition and de-registration of branches by a securities company.

REGULATORY ENVIRONMENT

Industry Entry Requirements for Direct Investment Companies

(1) *Establishment*

According to the Rules for the Direct Investment Business of Securities Companies (證券公司直接投資業務規範) issued by the SAC, to conduct direct investment business a securities company shall establish its direct investment business subsidiary (the “direct investment subsidiary”) in accordance with the relevant regulations issued by regulatory authorities. The securities company shall not conduct direct investment business in other forms.

(2) *Business Scope*

According to the Rules for Direct Investment Business of Securities Companies (證券公司直接投資業務規範), a direct investment subsidiary may conduct the following business:

- Equity investment or debt investment in enterprises, or investment in other investment funds relating to equity investment and debt investment with its own funds or via establishment of direct investment funds;
- Provision of financial advisory services on equity investment and debt investment to clients; and
- Other businesses as permitted by the CSRC.

A direct investment subsidiary shall not conduct such securities business which shall be conducted by a securities company according to laws.

Industry Entry Requirements for Fund Management Companies

(1) *Establishment*

The establishment of a fund management company requires the approval of the CSRC. According to the Administrative Measures for Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法), the establishment of a fund management company shall be subject to the following requirements:

- Its shareholders shall meet the requirements of the Securities Investment Fund Law (證券投資基金法) and the Administrative Measures for Securities Investment Fund Management Companies;
- Its articles of association shall comply with the Securities Investment Fund Law (證券投資基金法), the Company Law and the provisions of the CSRC;
- Its registered capital shall be no less than RMB100 million, which shall be paid in monetary contributions by shareholders, and foreign shareholders shall make capital contributions in freely convertible currencies;

REGULATORY ENVIRONMENT

- It shall have proposed senior management who comply with laws and administrative regulations and the provisions of the CSRC, and staff who engage in research, investment, valuation, marketing and other businesses. The number of the proposed senior management personnel and business staff shall not be less than 15 and all of them shall obtain the qualifications for funds practice;
- It shall have operating premises, security facilities and other business-related facilities in compliance with requirements;
- Its subordinate departments and working positions shall have reasonable division of responsibility and well-defined authorization and duties;
- It shall establish a supervision and audit mechanism, a risk control mechanism and other internal control mechanisms in compliance with the provisions of the CSRC; and
- It shall meet all other requirements of the CSRC as approved by the State Council.

According to the Opinions on Putting Great Efforts to the Innovative Development of the Securities Investment Fund Industry (關於大力推進證券投資基金行業創新發展的意見) issued by the CSRC, the CSRC will further improve the extent of openness of the fund industry towards domestic and foreign investors, promote various qualified financial institutions and other market entities to establish fund management companies, relax the restriction on the shareholding of foreign shareholders when appropriate and support the development of joint venture fund management companies.

(2) *Material changes*

According to the Administrative Measures on Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法), fund management companies shall obtain the approval of the CSRC in the event of any of the following significant changes:

- Change of shareholders who hold more than 5% of the company's shares;
- Change of shareholders whose shareholding is less than 5% but who have significant influence on corporate governance;
- The shareholding percentage of the changed shareholders exceeds 5%;
- Amendments to important articles of the articles of association; and
- Other significant matters stipulated by the CSRC.

REGULATORY ENVIRONMENT

(3) *Establishment of subsidiaries and branches*

In accordance with the Administrative Measures on Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法) and the Provisional Regulations on Administration of Subsidiaries of Securities Investment Fund Management Companies (證券投資基金管理公司子公司管理暫行規定), a fund management company shall, subject to satisfaction of relevant requirements, apply to the CSRC for the establishment of subsidiaries or branches.

Industry Entry Requirements for Futures Companies

(1) *Establishment*

Pursuant to the Regulations of Futures Trading (期貨交易管理條例) and the Measures for the Supervision and Administration of Futures Companies (期貨公司監督管理辦法), the establishment of a futures company requires approval from the CSRC and the requirements for such establishment include:

- Minimum registered capital of RMB30 million;
- Directors, supervisors and senior management shall be qualified for their positions while practitioners shall have futures practice qualifications. The number of senior management staff with senior management qualifications shall not be less than three, and the number of staff with futures practice qualifications shall not be less than fifteen;
- The articles of association of the company shall comply with the requirements of laws and administrative rules;
- Major shareholders and the de facto controller shall have sustained profitability and good reputation, without record of material violation of laws or regulations in the past three years;
- It shall have suitable premises and operation facilities;
- It shall have sound risk management and internal control systems; and
- Other requirements as stipulated by the CSRC.

(2) *Material Changes*

Pursuant to the Measures for the Supervision and Administration of Futures Companies (期貨公司監督管理辦法), approval from the CSRC shall be obtained for change of shareholdings in a futures company in any of the circumstances below:

- Change of controlling shareholder or the largest shareholder;

REGULATORY ENVIRONMENT

- Shareholding of an individual shareholder or the aggregate shareholding of related shareholders to be increased to 100%; or
- Shareholding of an individual shareholder or the aggregate shareholding of associated shareholders, either being or involving foreign shareholder(s), to be increased to 5% or above.

In addition, in case of shareholding of an individual shareholder or the aggregate shareholding of related shareholders to be increased to 5% or above, the futures company shall obtain approval from the local office of the CSRC.

Pursuant to the Decision of the State Council on the Sixth Group (國務院第六批決定), change of 5% or above in the shareholding of a futures company, which does not involve the addition of a new shareholder holding an equity interest of 5% or above and the change of the largest shareholder, no longer requires examination and approval.

Regulation on Operations

The principal business we currently engage in includes, but is not limited to, securities underwriting and sponsorship, financial advisory business relating to securities trading and securities investment activities, securities brokerage, margin financing and securities lending, securities investment consulting, agency sale of securities investment funds, agency sale of financial products, asset management, proprietary securities trading, direct investment, publicly-raised securities investment fund management, specific clients' assets management business of fund companies, stock index futures and treasury bonds futures business, futures introducing brokerage business, futures brokerage and relevant cross-border businesses including QDII, QFII and RQFII.

Securities Underwriting and Sponsorship

Pursuant to the Measures for the Administration of the Sponsorship of Securities Offering and Listing (證券發行上市保薦業務管理辦法), securities companies shall satisfy the relevant conditions and apply for the sponsoring institution qualification from the CSRC as required, so as to engage in securities issuance, listing and business sponsorship. Sponsoring institutions shall designate an individual who has obtained sponsor representative qualification to be responsible for sponsorship duties, so as to discharge sponsorship responsibilities. Issuers shall engage securities companies which have obtained sponsoring institution qualification to perform the sponsorship duties for initial public offering and listing of shares, issuance of new shares or convertible corporate bonds by listing companies, and other matters identified by the CSRC.

A securities company applying for the sponsoring institution qualification shall meet the following conditions:

- Its registered capital shall be no less than RMB100 million and net capital shall be no less than RMB50 million;

REGULATORY ENVIRONMENT

- It shall have sound corporate governance and internal control systems, and the risk control indicators shall comply with the relevant provisions;
- Its sponsor business department shall have comprehensive business procedures, internal risk assessment and control system, and reasonable internal structure, with proper research and marketing capabilities and other back office supports;
- It shall have a fine sponsor business team with reasonable professional structure, and the number of practitioners shall not be less than 35, of which no less than 20 personnel have been engaging in sponsor-related businesses in the past three years;
- No less than four personnel are qualified to be sponsor representatives;
- It has not been subject to any administrative penalties due to major violation of laws and regulations in the past three years; and
- It shall meet other requirements as required by the CSRC.

The Administrative Measures on Securities Issuance and Underwriting (證券發行與承銷管理辦法) sets out detailed provisions for quotation and pricing, offering of securities, underwriting of securities and information disclosure by the issuers, securities companies and investors during their participation in the securities issuance. The above-mentioned measures are applicable to the issuance of shares or convertible corporate bonds in China by issuers, underwriting of securities in China by the securities companies and subscription of securities issued in China by investors. Pursuant to these measures, securities companies shall submit offering and underwriting plans to the CSRC before engaging in any securities underwriting activities.

According to the Administrative Measures for Corporate Bonds Issuance and Trading (公司債券發行與交易管理辦法), unless otherwise provided, the issuance of corporate bonds shall be underwritten by securities companies which are qualified to provide securities underwriting services. Issuers shall engage bond trustees for bond holders, which can be the underwriter for the issuance or other institutions recognized by the CSRC.

According to the Regulations on Management of Enterprise Bonds (企業債券管理條例), issuance of enterprise bonds by enterprises shall be underwritten by securities trading institutions. Non-securities trading institutions or individuals are not allowed to conduct the underwriting and transfer of enterprise bonds.

According to the Provisional Business Rules for the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統業務規則(試行)), NEEQ implements the qualified broker-dealer system. Qualified broker-dealers are securities companies which conduct all or some of the following businesses: recommendation business, brokerage business, market-making business and other businesses stipulated by National Equities Exchange and Quotations Co. Ltd. in the NEEQ. Securities companies that conduct relevant businesses in NEEQ shall apply for filing with National Equities Exchange and Quotations Co. Ltd.

REGULATORY ENVIRONMENT

Financial Advisory Business in the M&A and Reorganization of Listed Companies

According to the Administrative Measures for Financial Advisory Business in the M&A and Reorganization of Listed Companies (上市公司並購重組財務顧問業務管理辦法), securities companies approved by the CSRC to qualify for the financial advisory business in the M&A and reorganization of listed companies may engage in financial advisory business in the M&A and reorganization of listed companies according to the relevant requirements. The CSRC reviews and decides on the application by financial advisor applicants for the qualification of the financial advisory business in the M&A and reorganization of listed companies. Securities companies which are engaged to act as independent financial advisors of listed companies shall maintain their independence and shall not have any interest in the listed companies.

Securities Brokerage

Pursuant to the Securities Law and the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例), if a securities company is engaging in securities brokerage business, it should audit whether its client's account contains sufficient capital and securities. If customer's capital account contains insufficient capital, it cannot accept purchase order if the customer's securities account contains insufficient securities, it cannot accept sell order. For a securities company that engages in the business of securities brokerage, the trading settlement funds of its client shall be deposited in a designated commercial bank, and a separate account shall be opened and managed for each of the clients. The securities company shall not accept discretionary orders of the clients to decide on securities trading, select the types of securities or decide on trading volume or trading price.

Margin Financing and Securities Lending

Pursuant to the Administrative Measures on Margin Financing and Securities Lending of the Securities Companies (證券公司融資融券業務管理辦法) amended and implemented by the CSRC on July 1, 2015, a securities company which intends to engage in margin financing and securities lending business must meet the relevant conditions and obtain the qualification of margin financing and securities lending business with approval from the CSRC. Securities companies engaging in margin financing and securities lending business shall open accounts in their own name at securities registrars, such as a special securities lending account, margin guarantee account, margin settlement account and margin capital settlement account. Such securities companies shall also open accounts at commercial banks, such as a special margin financing account and margin capital guarantee account. Securities companies shall, with reference to third-party custody of the clients' transaction settlement funds, enter into a margin custody agreement with their clients and commercial banks. The capital and securities provided by securities companies to their clients are limited to those capital and securities in the special margin financing account and special securities lending account.

The principal amendments to the Administrative Measures on Margin Financing and Securities Lending of the Securities Companies include: (i) subject to the regulatory requirements, securities companies shall, based on the market conditions, customers' and their own risk tolerance, exercise dynamic adjustments to, and differential controls on, the percentage of deposits for margin financing and securities lending business, scopes of underlying securities, categories of securities which may be

REGULATORY ENVIRONMENT

used as deposits and discount rates, minimum security ratio and concentration of business; (ii) amounts attributed to margin financing and securities lending business shall not exceed four times of its net capital. Risk control indicators such as proportion of amounts attributed to margin financing and securities lending to a single client or for a single security to its net capital shall meet the requirements of the CSRC and stock exchanges; (iii) securities companies may negotiate with its clients about renewal based on the clients' credit status and other factors prior to the expiration of the contract; (iv) subject to the requirements of the competent stock exchange, securities companies may reach an agreement with its clients on the minimum security ratio, terms for supplement of collaterals and ways of dealing with defaults and other matters based on the client's credit status and quality of collaterals.

The Implementation Rules of Shanghai Stock Exchange on Margin Financing and Securities Lending (上海證券交易所融資融券交易實施細則) (amended in 2015) and the Implementation Rules of the Shenzhen Stock Exchange on Margin Financing and Securities Lending (深圳證券交易所融資融券交易實施細則) (amended in 2015) specify detailed requirements for the procedures regarding the launch by securities companies of margin financing and securities lending businesses at the Shanghai Stock Exchange and the Shenzhen Stock Exchange, as well as the underlying securities and other aspects of margin financing and securities lending.

Pursuant to the Provisional Measures on the Supervision and Administration of the Refinancing Business (轉融通業務監督管理試行辦法), refinancing business refers to the operating activities whereby a securities finance company lends the funds or securities which are owned or lawfully raised by it to securities companies for their securities margin financing and securities lending business. These measures regulate the refinancing business in various aspects, including securities finance companies, rules on the refinancing business, sources of capital and securities, disposal of interests and supervision and management.

Securities Investment Consulting

According to the Provisional Measures on Administration of Investment Consultations on Securities and Futures (證券、期貨投資諮詢管理暫行辦法), a firm engaging in the securities investment consulting business shall have the necessary qualifications and obtain a business license from the CSRC. Practitioners of securities investment consulting must obtain the securities investment consulting qualifications and join a qualified securities investment consulting institution before providing securities investment consulting services.

According to the Provisional Regulations on the Securities Investment Advisory Business (證券投資顧問業務暫行規定), securities investment advisory business is a basic form of securities investment consulting business. A securities company and its investment advisors shall provide securities investment advisory services in good faith and shall not jeopardize the interests of clients by acting in favor of the company and its related parties, jeopardize the interest of clients by acting in favor of investment advisors and their stakeholders, or jeopardize the interests of other clients by acting in favor of specific clients.

REGULATORY ENVIRONMENT

According to the Provisional Regulations on the Publication of Securities Research Reports (發佈證券研究報告暫行規定), in issuing securities research reports, securities companies and securities investment advisory agencies shall abide by laws, administrative regulations and other relevant requirements, follow the principles of independence, objectiveness, fairness and prudence, effectively prevent conflicts of interest, and treat its target group in a fair manner. They shall be prohibited from disseminating false, untrue and misleading information, and from engaging in or participating in insider trading or securities market manipulation.

Agency Sale of Securities Investment Fund

According to the Administrative Measures on Securities Investment Fund Sales (證券投資基金銷售管理辦法), subject to satisfaction of the relevant requirements, securities companies and other institutions may apply for qualification for the fund distribution business from the CSRC's local branches. Staff participating in the fund distribution business, such as promoters of funds and system maintenance technicians of fund sales information management platforms, shall obtain qualification for the fund distribution business. Fund distribution entities shall set up a comprehensive management system of fund holder accounts and capital accounts, a system of fund depository and withdrawal procedures and authorization for fund holders and a suitability management system for fund distribution. Fund sales agencies shall, in the process of selling funds and the relevant products, abide by the principle of giving priority to investors' interests, and sell products of different risk degrees according to the risk tolerance of investors so as to sell appropriate products to appropriate fund investors.

Agency Sale of Financial Product

According to the Administrative Provisions on the Agency Sale of Financial Products by Securities Companies (證券公司代銷金融產品管理規定), a securities company shall be qualified for the agency sale of financial products and obtain an approval from the branch office of the CSRC where the company is located in order to carry out the agency sale of financial products. Prior to the acceptance of entrustment for agency sale of financial products, a securities company shall examine the qualifications of the entrusted party. A securities company that recommends and introduces financial products to clients shall obtain such basic information as the clients' identity, property, income, financial knowledge and investment experience, and investment objectives, risk appetite and appraise their suitability for the purchase of financial products. A securities company shall adopt appropriate methods to provide clients with financial product information that is comprehensive, fair and accurate, and provide adequate explanation of the key risk characteristics of the financial product.

Asset Management

According to the Administrative Measures on Client Asset Management of Securities Companies (證券公司客戶資產管理業務管理辦法), the Implementation Rules for the Targeted Asset Management Business of Securities Companies (證券公司定向資產管理業務實施細則), the Implementation Rules of the Collective Asset Management Business of Securities Companies (證券公司集合資產管理業務實施細則) and the Administrative Measures on the Asset Securitization Business of Subsidiaries of Securities Companies and Fund Management Companies (證券公司及基金管理公司子公司資產證券化業務管理規定), securities companies engaging in the client asset management business shall meet

REGULATORY ENVIRONMENT

the relevant conditions and shall apply to the CSRC for qualification for the client asset management business. Securities companies may undertake targeted asset management businesses for individual clients, collective asset management businesses for multiple clients and special asset management businesses for specific objectives of clients. Securities companies engaging in client asset management business shall have sufficient understanding of clients, classify clients into various categories, comply with risk matching principles, recommend suitable products and services to clients, and not mislead clients to purchase products or services inconsistent with their risk tolerance level. They shall not raise funds from units and individuals other than qualified investors, and shall not advertise or make recommendations to uncertain subjects through public broadcasting media such as publications, radio, television and Internet or by way of seminars, briefings or analyst meetings, etc. Promotions of collective asset management schemes are prohibited if conducted by way of signing principal protected and minimum return guaranteed supplemental agreements or by improper acts such as untrue advertising, overstatement of expected return or commercial bribery.

According to the Administrative Measures on Asset Securitization of Securities Companies and Subsidiaries of Fund Management Companies (證券公司及基金管理公司子公司資產證券化業務管理規定), securities companies which are qualified for client asset management business and subsidiaries of fund management companies which are established by securities investment fund management companies and qualified for specific client asset management business may conduct the asset-backed securities business.

Proprietary Securities Trading

Pursuant to the Securities Law, the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例) and the Guidelines on Proprietary Securities Trading Business of Securities Companies (證券公司證券自營業務指引), securities companies engaging in proprietary securities trading shall be limited to the trading of lawfully and publicly offered stocks, debentures, warrants, securities investment funds or other securities approved by the securities regulatory authority of the State Council. A securities company that engages in proprietary securities trading business shall register its proprietary securities account under the Company's name. Risk control indicators, such as the proportion of the total value of proprietary securities to the net capital of the company, the proportion of the value of a single security to the net capital of the company, and the proportion of the amount of a single security to the total amount of issued securities, shall comply with the requirements of the CSRC. Pursuant to the Regulations on Investment Scopes of Principal Investment Business of Securities Companies and Relevant Matters (關於證券公司證券自營業務投資範圍及有關事項的規定) and its annex, the List of Investment Products of Principal Investment Business of Securities Companies (證券公司證券自營投資品種清單), a securities company engaging in proprietary securities trading business is permitted to trade the following securities:

- securities which have been or could be legally listed, traded and transferred on a domestic stock exchange;
- securities which have been listed and transferred on the NEEQ;

REGULATORY ENVIRONMENT

- private placement bonds which have been or could be legally listed and transferred on qualified regional equity trading markets, and shares which have been listed and transferred on qualified regional equity trading markets;
- securities which have been or could be legally traded on the domestic interbank market; and
- securities issued with the approval of or after filing with the national financial regulatory department or its authorized bodies and traded over the counter at domestic financial institutions.

A securities company which is qualified to engage in proprietary securities trading business is allowed to conduct trading of financial derivative products, while a securities company without such qualification is only allowed to conduct trading of financial derivative products for the purpose of hedging exposure.

A sound investment decision-making and authorization mechanism with relatively concentrated and unified powers and duties shall be established by a securities company. The principal investment business, in principle, shall be established according to a three-tier system, namely, board of directors, investment decision-making body, and principal investment business department. The principal investment business department of a securities company shall be solely responsible for the management and operation of the principal investment business, and other non-principal investment business departments and branches shall not conduct a principal investment business in any form.

Direct Investment

Pursuant to the Rules for Direct Investment Business of Securities Companies (證券公司直接投資業務規範), a direct investment subsidiary and its affiliates shall establish a sound investment management system which specifies its investment scope, investment strategy, forms of investment, investment restrictions, decision-making procedures, investment process, post-investment management and exit strategy, etc. A direct investment subsidiary and its affiliates may set up and manage direct investment funds including equity investment funds, debt investment funds, venture capital investment funds, buyout funds, mezzanine funds, as well as direct investment funds mainly investing in the aforesaid funds.

Publicly-raised Securities Investment Fund Management Business

According to the Administrative Measures for Securities Investment Fund Management Companies, a securities investment fund management company shall meet the relevant conditions, be approved by the CSRC for its establishment and obtain a fund management qualification certificate before engaging in the securities investment fund management business and other businesses recognized by the CSRC. Depending on the requirements for professional operation and management, a fund management company may establish subsidiaries, branch offices or other forms of branches prescribed by the CSRC. In accordance with the provisions of the CSRC, a fund management company shall establish a scientific, reasonable, closely controlled and efficiently operated internal control system, develop a scientific and sound internal control system, maintain lawful and compliant

REGULATORY ENVIRONMENT

business operation, and maintain sound and effective internal control of the company. In addition, a fund management company shall establish a sound investment management system constituted by such segments as authorization, research, decision-making, execution and assessment, and give fair treatment to properties of various funds and client assets under its management.

Specific Clients' Assets Management Business of Fund Companies

Pursuant to the Pilot Measures on Management of Assets of Specific Clients by Fund Management Companies (基金管理公司特定客戶資產管理業務試點辦法), qualified fund management companies may, with the approval of the CSRC, raise funds from specific clients or act as asset managers for entrusted assets of specific client, to engage in the management business of specific assets. An asset manager may engage in specific asset management business by establishing an asset management plan, which may adopt the following forms: management of specific assets for a single client, or management of specific assets for several specific clients. The products invested by the asset management plans shall comply with the provisions of the said measures. A fund management company engaging in the management of specific assets shall establish specialized business divisions or specialized subsidiaries.

Stock Index Futures and Treasury Bond Futures

According to the Guidelines on Securities Companies Participating in Stock Index Futures and Treasury Bond Futures Trading (證券公司參與股指期貨、國債期貨交易指引), securities companies that participate in the trading of stock index futures or treasury bond futures using their own funds or entrusted funds managed by them shall formulate the relevant trading system, including investment decision-making procedures, investment objectives, scale of investment and risk control, etc. Securities companies without the proprietary securities business license may trade in treasury bond futures with their own funds for hedging purposes only.

Pursuant to the Guidelines on Securities Investment Funds Participating in Stock Index Futures Trading (證券投資基金參與股指期貨交易指引), equity funds, hybrid funds and capital preservation funds may participate in trading of stock index futures in accordance with these guidelines, while bond funds and money market funds are not allowed to participate in the trading of stock index futures. Except for the special funds otherwise stipulated or approved by the CSRC, securities investment funds shall comply with the specific procedures and investment proportion limits when participating in stock index futures trading.

The Guidelines on Qualified Foreign Institutional Investors Participating in Transaction of Stock Index Futures (合格境外機構投資者參與股指期貨交易指引) provides that qualified investors participating in the trading of stock index futures shall only engage in hedging transactions. Qualified investors participating in the trading of stock index futures shall open accounts, apply for hedging quota and handle other matters according to the relevant requirements of the China Financial Futures Exchange. Qualified investors, custodians and futures companies shall, in accordance with the relevant requirements of the China Financial Futures Exchange, determine the trading and clearing modes of stock index futures trading participated in by qualified investors, specify rights and obligations in each section of the transaction, and set up a fund safety protection mechanism.

REGULATORY ENVIRONMENT

According to the Measures on the Administration of Risk Control of China Financial Futures Exchange (中國金融期貨交易所風險控制管理辦法) amended by China Financial Futures Exchange on July 10, 2015, for the purpose of risk management, China Financial Futures Exchange adopts a margin system, a price limit system, a position limit system, a large position reporting system, a mandatory liquidation system, a forced position reduction system, a settlement guarantee fund system and a risk warning system. In addition, China Financial Futures Exchange may in its discretion adopt one or more of the following risk control measures depending on market conditions: raising trading margin level, restricting the opening of new positions, restricting the withdrawal of funds, ordering a close-out of positions within a specified time limit, forcing liquidation, suspending trading, adjusting the daily price up/down limits, forcing reduction of positions, or other risk control measures.

Provision of Intermediary Business to Futures Companies by Securities Companies (Futures Introducing Brokerage Business)

According to the Provisional Measures on Provision of Intermediary Business to Futures Companies by Securities Companies (證券公司為期貨公司提供中間介紹業務試行辦法), securities companies providing futures introducing brokerage business to futures companies shall operate in a due and cautious manner through standardized departmental management of their futures intermediary business. Securities companies shall only accept the entrustment of their wholly owned or controlling futures companies, or futures companies with which they are under common control by the same entity to provide the futures intermediary business. The securities companies shall not accept the entrustment of other futures companies to carry out futures intermediary business. Securities companies and futures companies shall be independent from each other and have separate accounts, staff and places of business. Securities companies shall not carry out futures trading, clearing or delivery for their clients, and they shall not receive or pay futures deposits for futures companies or clients, or deposit, withdraw or transfer futures deposits for clients with the securities capital accounts. Securities companies shall not, directly or indirectly, raise funds or provide guarantees for futures trading clients.

Futures Brokerage, Futures Trading, Futures Investment Consulting and Asset Management

The Regulations of Futures Trading (期貨交易管理條例) and the Measures for Administration of Futures Companies (期貨公司監督管理辦法) set out a licensing system that applies to the business of futures companies. The CSRC is responsible for the issuance of licenses according to the types of business of commodity futures and financial futures. Futures companies engaging in asset management business shall register according to law. Apart from domestic futures brokerage business, futures companies may also apply for the qualification to conduct overseas futures brokerage, futures investment consulting and other futures business as specified by the CSRC. Futures trading shall strictly comply with the deposits system. A futures company trades futures for clients in its own name and clients shall be solely liable to the transaction results. Futures companies shall not engage, directly or indirectly, in principal investment of futures. Eligible overseas institutions may trade in specific categories of futures in futures trading exchanges, specific measures shall be formulated by the futures supervision and management authorities of the State Council.

REGULATORY ENVIRONMENT

According to the Provisional Measures on the Administration of Foreign Traders and Overseas Brokers Engaging in Specific Categories of Futures Trading in the PRC (境外交易者和境外經紀機構從事境內特定品種期貨交易管理暫行辦法) promulgated by the CSRC and implemented on August 1, 2015, eligible foreign traders and overseas brokers may engage in specific categories of futures trading in the PRC through a variety of models. The Measures also stipulate on the main business areas involved in specific categories of futures trading in the PRC, investigations and punishment of behaviors in violation of laws and regulations by foreign traders and overseas brokers engaging in specific categories of futures trading in the PRC and involved in related business activities, as well as cross-border law enforcement and other regulatory functions.

Cross-border Business

Qualified Domestic Institutional Investor (QDII) Business

Pursuant to the Trial Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors (合格境內機構投資者境外證券投資管理試行辦法), a QDII means a securities operation institution, including domestic fund management company and securities company, upon approval from the CSRC, raises funds within the territory of the PRC and conduct overseas securities investment management in the form of portfolio by using part or all of the raised funds. Where any overseas securities investment business is conducted by a QDII, the asset custodian business shall be undertaken by a domestic commercial bank, and an overseas securities services agency may be appointed to carry out agency trading of securities. A securities company with QDII qualification may raise funds by establishing collective schemes of asset management or other means, or engage in targeted asset management and special asset management businesses, and invest the funds as raised or managed by it in overseas securities markets.

Pursuant to the Provisions on Foreign Exchange Control in connection with Overseas Securities Investment by Qualified Domestic Institutional Investors (合格境內機構投資者境外證券投資外匯管理規定), QDIIs may use their own funds or raised funds from domestic organizations and individuals to invest in overseas markets and products that are permitted by laws and regulations and the relevant authorities (except for overseas use of banks' own funds). QDIIs shall apply to the SAFE for overseas investment quota. The SAFE shall implement balance administration for investment quota for overseas investment, and the net amount of outward remittance (including foreign currency and Renminbi funds) of overseas investment by QDIIs shall not exceed the approved investment quota. QDIIs and their custodians shall perform the obligation of declaration of international balance of payments pursuant to the relevant provisions on declaration of statistics of international balance of payments.

Qualified Foreign Institutional Investors (QFII) Business

Pursuant to the Measures for the Administration of Securities Investment within the Borders of China by Qualified Foreign Institutional Investors (合格境外機構投資者境內證券投資管理辦法), foreign funds management institutions, insurance companies, securities companies and other asset management institutions may invest in China's securities market with the approval from the CSRC and

REGULATORY ENVIRONMENT

an investment quota granted by the SAFE. Qualified investors shall appoint domestic commercial banks as custodian for assets custody and appoint domestic securities companies to complete onshore trading activities. Investments in domestic securities by qualified investors shall comply with the shareholding ratio restrictions imposed by the CSRC.

The Detailed Implementation Rules of the Shanghai Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (上海證券交易所合格境外機構投資者和人民幣合格境外機構投資者證券交易實施細則) and the Detailed Implementation Rules of the Shenzhen Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (深圳證券交易所合格境外機構投資者和人民幣合格境外機構投資者證券交易實施細則) specify detailed requirements regarding the launch by Qualified Foreign Institutional Investors of securities trading.

Rules relating to the Implementation of the Measures for the Administration of Securities Investment within the Borders of China by Qualified Foreign Institutional Investors (關於實施〈合格境外機構投資者境內證券投資管理辦法〉有關問題的規定) further provides that asset management organizations, insurance companies, securities companies, commercial banks and other institutional investors (pension funds, charity funds, endowment funds, trust companies, government investment management companies, etc.), who apply for QFII qualification, shall satisfy the criteria on scale of assets provided by the CSRC. Investments in domestic securities by foreign investors shall comply with the shareholding ratio restrictions imposed by the CSRC.

Pursuant to the Provisions on Foreign Exchange Control in connection with Securities Investments in China by Qualified Foreign Institutional Investors (合格境外機構投資者境內證券投資外匯管理規定), the Chinese government implements investment quota management for domestic securities investments by QFIIs. The SAFE approves the investment quota for qualified individual investors and such quota may be adjusted. A QFII shall not apply for further increase in the investment quota within a year after approval of the last investment quota.

RMB Qualified Foreign Institutional Investor (RQFII) Business

Pursuant to the Pilot Measures on Domestic Securities Investments by RMB Qualified Foreign Institutional Investors (人民幣合格境外機構投資者境內證券投資試點辦法), a RQFII means a foreign legal person which has been approved by the CSRC and granted with investment quota by the SAFE to carry out domestic securities investments with RMB funds sourced from overseas. A RQFII engaging in domestic securities investments business shall entrust a commercial bank in China qualified to act as a custodian for RQFIIs to take charge of assets custodian business, and entrust a domestic securities company to act as its securities trading agent. A RQFII may entrust a domestic assets management organization to manage its domestic securities investments.

REGULATORY ENVIRONMENT

The Detailed Implementation Rules of the Shanghai Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (上海證券交易所合格境外機構投資者和人民幣合格境外機構投資者證券交易實施細則) and the Detailed Implementation Rules of the Shenzhen Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (深圳證券交易所合格境外機構投資者和人民幣合格境外機構投資者證券交易實施細則) specify detailed requirements regarding the launch by RMB Qualified Foreign Institutional Investors of securities trading.

Rules relating to the Implementation of the Pilot Measures on Domestic Securities Investments by RMB Qualified Foreign Institutional Investors (關於實施<人民幣合格境外機構投資者境內證券投資試點辦法>的規定) further provides that applicants of RMB Qualified Foreign Institutional Investor must be Hong Kong subsidiaries of domestic fund management companies, securities companies, commercial banks, insurance companies, or financial institutions incorporated or with principal place of business in Hong Kong, which have obtained asset management business qualification from the securities regulatory authority of Hong Kong and have commenced asset management business. Investments in domestic securities by foreign investors shall comply with the shareholding ratio restrictions imposed by the CSRC.

Shanghai-Hong Kong Stock Connect

Pursuant to the Announcement on Launching the Pilot Shanghai-Hong Kong Stock Connect (關於開展滬港股票市場交易互聯互通機制試點的公告) jointly issued by the CSRC and the SFC on April 10, 2014, as well as the Memorandum of Understanding between the CSRC and the SFC on Strengthening Regulatory and Enforcement Cooperation under the Shanghai-Hong Kong Stock Connect (滬港通項目下中國證監會與香港證監會加強監管執法合作備忘錄) signed on November 10, 2014, Several Provisions on the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (滬港股票市場交易互聯互通機制試點若干規定), the Measures of the Shanghai Stock Exchange on the Pilot Shanghai-Hong Kong Stock Connect (上海證券交易所滬港通試點辦法) and others, the Shanghai Stock Exchange and the Hong Kong Stock Exchange enable investors of the two sides to trade shares within specified scope listed on the other's stock exchange through local securities companies (or brokers), the investment scope may be adjusted by both parties based on the status of the pilot programme. The Shanghai-Hong Kong Stock Connect is comprised of the Northbound Trading and the Southbound Trading. Trading under the Shanghai-Hong Kong Stock Connect will initially be subject to a maximum RMB cross-boundary investment quota, together with a daily quota that will be monitored on a real time basis. Quotas may be adjusted by both sides based on the status of the pilot programme. Initially, domestic investors participating in the Southbound Trading shall meet the required qualifications.

REGULATORY ENVIRONMENT

Corporate Governance and Risk Control

Corporate Governance and Risk Control of Securities Companies

(1) *Corporate Governance*

The corporate governance of securities companies is regulated by the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies (證券公司監督管理條例), the Rules for Governance of Securities Companies (證券公司治理準則), the Guidance for the Internal Control of Securities Companies (證券公司內部控制指引), and other PRC laws, regulations and regulatory documents.

Securities companies shall establish a sound corporate governance structure. The governance structure of a securities company shall include a scientific decision-making process and rules of procedures, an efficient and strict business operation system, a sound and effective internal control and feedback system, and an effective incentive and binding mechanism. The board of directors and independent directors of a securities company shall fully exercise their supervision responsibilities and prevent the risk of manipulation by substantial shareholders and control by insiders. The establishment of departments and post establishment of a securities company shall have clear delineation of powers and duties with checks balance, and appropriate segregation between frontline business operations and back office management support is required. A sound Chinese wall system shall be established among major business departments of a securities company to ensure the relative independence of the brokerage, principal investment, entrusted investment management, investment banking, research and consultancy businesses.

Securities companies engaging in more than two businesses in securities brokerage, assets management, margin financing and securities lending and securities underwriting and sponsoring, a remuneration and nomination committee, an audit committee and a risk control committee shall be established by the board of directors, and the persons in charge of the remuneration and nomination committee and the audit committee shall be served by independent directors. If a securities company sets up a body to exercise the operation and management power, the name, composition, duties and responsibilities, and rules of decision-making of such body shall be defined in the articles of association of the securities company, and the members of the body shall be the senior management of the securities companies.

The Regulatory Measures on Qualifications of Directors, Supervisors and Senior Management of Securities Companies (證券公司董事、監事和高級管理人員任職資格監管辦法) further specifies the regulations on the qualifications of directors, supervisors and senior management members. Directors, supervisors and senior management members of securities companies shall obtain the appointment qualifications approved by the CSRC's local branches before taking office.

REGULATORY ENVIRONMENT

(2) *Risk Control*

The Securities Law stipulates the requirements for the risk control system of securities companies, which mainly include: making provisions for trading risk from the annual profits (after tax) to cover the loss of securities trading, establishing and enhancing its internal control systems and adopting effective, segregation measures to prevent conflicts of interest between the company and its clients and among different clients.

Pursuant to the Administrative Measures for Risk Control Indicators of Securities Companies (證券公司風險控制指標管理辦法), a securities company shall prepare financial statements of its net capital and reserve of risk capital and risk control indicators, along with the calculation of the net capital and provisions of risk capital. The measures specify the minimum level of net capital based on the different business activities of securities companies, and stipulate a warning ratio and a minimum regulatory ratio for risk control indicators that securities companies are required to comply with. The CSRC may make appropriate adjustments to the standards for risk control indicators and the ratio of risk capital reserve of different types of securities companies according to the governance structure, the internal control and risk control of such companies.

Pursuant to the Norms for the Comprehensive Risk Management of Securities Companies (證券公司全面風險管理規範), securities companies shall implement all-rounded risk management to avoid risks of business operation, such as liquidity risks, market risks, credit risk and operating risks, and shall establish and improve a well-rounded risk management system that is in line with their respective development strategies, including workable management rules, a sound organizational framework, a reliable information technology system, a quantitative risk indication system, a team of professionals, an effective risk response mechanism and an advanced risk management culture.

Pursuant to the Guidelines for the Liquidity Risk Management of Securities Companies (證券公司流動性風險管理指引), securities companies shall strengthen liquidity risk management and establish a sound liquidity risk management system for effective identification, measurement, monitoring and control of liquidity risks, to ensure its liquidity demand could be satisfied timely at reasonable costs.

(3) *Classified Regulation*

Pursuant to the Regulations on Classification and Supervision of Securities Companies (證券公司分類監管規定), the CSRC classifies the securities companies into five types and eleven categories such as A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D and E, based on the risk control capability, competitiveness and ongoing compliance of securities companies. According to the market development conditions and the principles of prudent regulation, and based on the opinions sought from industry participants, the CSRC has formulated and timely adjusted the appraisal benchmarks and standards for securities companies. The classification of securities companies is implemented by the CSRC and its delegated local branches, appraisals are conducted on an annual basis and the appraisal period starts on 1 May of the previous year and ends on 30 April of the current year. According to the principle of classified regulation, the CSRC sets up different standards on risk indicators, calculates proportions of risk capital reserve for different types of securities companies, and treats such companies differently in terms of regulation resource allocation and the frequency of on-site and off-site inspections.

REGULATORY ENVIRONMENT

Corporate Governance and Risk Control of Direct Investment Company

(1) *Corporate Governance*

Pursuant to the Rules for Direct Investment Business of Securities Companies (《證券公司直接投資業務規範》), a practitioner in a securities company shall not serve concurrently as the senior management or direct investment practitioner in its direct investment subsidiary and its affiliates or its direct investment funds, or unlawfully engage in direct investment business in other manners. A practitioner who has a conflict of interest with securities companies shall not serve as a director, supervisor or member of investment decision-making committee of the above institutions; for other practitioners who hold the above positions, securities companies shall establish strict and effective internal control systems to prevent a potential conflict of interest and moral hazard. Effective information segregation mechanisms shall be established between a securities company and its direct investment companies affiliates and direct investment funds to enhance the segregation, supervision and management of sensitive information so as to prevent inappropriate flow and usage of sensitive information between the securities business and direct investment business, as well as prevent the risk of inside trading and tunneling.

(2) *Risk Control*

Pursuant to the Rules for Direct Investment Business of Securities Companies (證券公司直接投資業務規範), a direct investment subsidiary and its affiliates shall establish a sound investment management system which specifies the investment scope, investment strategy, forms of investment, investment restrictions, decision-making procedures, investment process, post-investment management and exit strategy, etc. A direct investment subsidiary and its affiliates shall establish a specific investment decision-making committee to set up investment decision-making procedures and risk tracking, analysis mechanisms to effectively prevent investment risks. A direct investment subsidiary and its affiliates shall enhance the management of the invested enterprises and keep track of, analyze, evaluate the operation condition of the invested enterprises, and deal with any potential investment risk in a timely manner. A direct investment subsidiary and its affiliates shall not provide guarantee to entities or individuals other than the direct investment subsidiary and its affiliates and direct investment funds, and shall not become capital contributors who bear joint and several liability for the debts of the enterprises they have invested in.

Corporate Governance and Risk Control of Securities Investment Fund Management Company

(1) *Corporate Governance*

The corporate governance of fund management companies is governed by the Securities Investment Fund Law (證券投資基金法), the Administrative Measures on Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法), Securities Investment Fund Management Company Governance Guidelines (Trial Implementation) (證券投資基金管理公司治理準則(試行)), and other relevant regulations and regulatory documents. A fund management company shall establish and organize a governance framework with sound structure, clear delineation of duties and responsibilities, effective check and balance, supervision and reasonable incentives and constraints,

REGULATORY ENVIRONMENT

in accordance with the relevant laws, administrative regulations and requirements of the CSRC, to maintain regulated operation of the company and protect the interest of fund holder. The corporate governance shall conform to the basic principles of conferring priority to the interest of fund holder.

A fund management company shall establish a business and client key information segregation system for its shareholders. Shareholders of a fund management company and their de facto controllers shall exercise their rights in accordance with laws through the general meetings and shall not bypass the general meetings and the board of directors to appoint or remove directors, supervisors, senior management officers, or directly interfere in the operational management, investment and operation of fund assets of the fund management company. Furthermore they shall not request the fund management company to collaborate with them in business activities, such as underwriting of securities and securities investment, that may harm the legitimate rights of stakeholders and other parties.

The Administrative Measures on the Employment of Senior Management Personnel of the Securities Investment Fund Industry (證券投資基金行業高級管理人員任職管理辦法) regulates the management qualification system with regard to fund management companies' directors, supervisors, general managers, deputy general managers, inspector generals and other senior management personnel, and specifies the qualifications requirements for the above persons, application process, approval of qualification, code of conduct, supervision and management, etc.

(2) Risk Control

Pursuant to the Administrative Measures on Securities Investment Fund Management Companies (證券投資基金管理公司管理辦法), the CSRC may establish a risk control indicator monitoring system and a comprehensive regulatory evaluation system for fund management companies. Where the relevant indicators of a fund management company do not comply with the requirements, the CSRC may order the fund management company to make correction within a stipulated period, and may adopt administrative regulatory measures such as requiring the company to increase registered capital, raising the percentage for provision of risk reserves, and suspending part or all of its business operations, etc.

Pursuant to the Securities Investment Fund Law (證券投資基金法) and the Administrative Measures on Operations of Public Offering of Securities Investment Funds (公開募集證券投資基金運作管理辦法), fund managers applying fund assets to investments shall comply with the investment ratios requirements as prescribed by laws and regulations.

Pursuant to the Guiding Opinions on the Fair Trading System of Securities Investment Fund Management Companies (證券投資基金管理公司公平交易制度指導意見), a company shall fairly treat different portfolios during its investment management activities and shall be prohibited from tunneling between different portfolios. The company shall isolate investment management functions from transaction execution functions, implement a centralized trading system, and establish and improve a fair transaction distribution system to ensure fair transaction execution opportunities for all portfolios.

REGULATORY ENVIRONMENT

Pursuant to the Provisional Measures on Supervision and Administration of Risk Reserve of Public Offering of Securities Investment Funds (公開募集證券投資基金風險準備金監督管理暫行辦法), fund managers shall establish systems for risk reserve management, formulate procedures for the withdrawal, transfer, investment management, application and payment of risk reserves, and keep the same for future reference.

Corporate Governance and Risk Control of Futures Companies

(1) Corporate Governance

The Supervisory and Administrative Measures for Futures Companies (期貨公司監督管理辦法) provides that the CSRC shall implement the management qualification system for directors, supervisors, senior management and other futures practitioners. The business, personnel, assets, finance and place of business of a futures company shall be strictly separated from those of its controlling shareholders, and shall be independently operated and audited.

The Administrative Measures on Qualifications of Directors, Supervisors and Senior Management of Futures Companies (期貨公司董事、監事和高級管理人員任職資格管理辦法) regulates the management qualification system with regard to the directors, supervisors and senior management of futures companies. The measures specify the qualifications for the above positions, application procedure, approval of qualification, code of conduct, supervision and administration and other aspects. The State Council's Decision on the Cancellation and Adjustment of a Series of Items Requiring Administrative Approval (國務院關於取消和調整一批行政審批項目等事項的決定) (Guo Fa [2015] No. 11) has cancelled the approval requirement for appointment qualification of directors, supervisors and senior management officers of futures companies, and the CSRC Announcement [2015] No. 11 has already changed such administrative permission to post-event reporting management.

(2) Risk Control

According to the requirements of the Supervisory and Administrative Measures for Futures Companies (期貨公司監督管理辦法), the Administrative Regulations on Futures Trading (期貨交易管理條例) and the Administrative Measures on Risk Supervision Standards of Futures Companies (期貨公司風險監管指標管理辦法), a futures company engaging in futures brokerage business and other futures business at the same time shall strictly implement systems for separation of business and capital, and shall be prohibited from mixed operations. The CSRC formulates regulations on the risk regulatory indicators such as the proportion of net capital to net assets, the proportion of net capital to the business scale of domestic futures brokerage and overseas futures brokerage, and the ratio of current assets to current liabilities of futures companies. The CSRC also sets out requirements on the operating conditions, risk management, internal controls, margin deposits and related party transactions of futures companies and their branches. Futures companies shall establish and strictly implement their business management rules and risk management systems and comply with the information disclosure system to ensure the safe deposit of clients' margins.

REGULATORY ENVIRONMENT

(3) Classified Regulation

Pursuant to the Regulations on Classification and Supervision of Futures Companies (期貨公司分類監管規定), the CSRC classifies the futures companies into five types and eleven categories, such as A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D and E, based on prudent supervision requirements, and the risk control capability, competitiveness and ongoing compliance of the futures companies. According to the principle of classified regulation, the CSRC sets up different calculating ratios for contribution to the Futures Investors Protection Fund by different types of futures companies, and treats them differently in terms of regulation resource allocation and the frequency of on-site and off-site inspections.

Other Regulations

Information Disclosure

The Notice on the Relevant Issues Regarding the Information Disclosure of Securities Companies (關於證券公司信息公示有關事項的通知) promulgated by CSRC requires a securities company to disclose information such as basic situation, operating branches, business license type, products and senior management through the websites of the Securities Association of China and the securities company, etc.

The Rules on the Content and Format of Annual Reports of Securities Companies (證券公司年度報告內容與格式準則) requires a securities company to prepare its annual report as required in these rules and submit the annual report to the CSRC within 4 months after the end of each financial year. Other than this requirement, a securities company that has publicly issued its securities shall also prepare and disclose its annual reports in accordance with the relevant information disclosure provisions for publicly listed companies. A securities company that has not publicly issued securities shall prepare and publicly disclose the information as required by these rules as well as the body of its audit report and its audited financial statements (excluding the notes).

Anti-money Laundering

Securities companies shall comply with the requirements related to anti-money laundering stipulated in the Anti-money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), the Provisions on Anti-money Laundering of Financial Institutions (金融機構反洗錢規定), the Administrative Measures on Reporting of Large Amount Transactions and Suspicious Transactions of Financial Institutions (金融機構大額交易和可疑交易報告管理辦法), the Measures on Administration of Identification of Clients and Preservation of Client Identities Information and Trading Records of Financial Institutions (金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法) and the Guidelines for Risk Assessment of Money Laundering and Financing of Terrorism and for Client Classification Management in Financial Institutions (金融機構洗錢和恐怖融資風險評估及客戶分類管理指引).

REGULATORY ENVIRONMENT

The Measures on the Anti-money Laundering by Securities and Futures Industry (證券期貨業反洗錢工作實施辦法) further stipulates the anti-money laundering regulations for the securities and futures industry, as well as the anti-money laundering responsibilities of the institutions engaging in sales of funds in their business operation. Securities and futures entities shall also establish and enhance internal control systems for anti-money laundering. In addition, securities companies shall comply with the requirements of the Anti-Money Laundering Guidelines for Securities Companies (證券公司反洗錢工作指引) and implement anti-money laundering measures with due consideration given to respective business features and practical conditions.

The Financial Action Task Force on Money Laundering (FATF) is an inter-governmental body established in 1989 with the objective to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF monitors the progress of its members in implementing necessary measures, reviewing money laundering and terrorist financing techniques and counter-measures, and promoting the adoption and implementation of appropriate measures globally. The PRC became a member of the FATF in 2007 and adopted the first mutual evaluation reports in June 2007 with a follow-up report published in March 2012.

Anti-terrorism

Pursuant to the Administrative Measures on Freezing of Assets Involving Terrorist Attacks (涉及恐怖活動資產凍結管理辦法), financial institutions and special non-financial institutions established in the PRC shall freeze the related assets in strict accordance with the list of terrorist organizations and personnel list as well as the decisions on freeze assets issued by the Ministry of Public Security.

The International Convention for the Suppression of the Financing of Terrorism (制止向恐怖主義提供資助的國際公約) appeals for enhancement of international cooperation between countries to formulate and adopt effective measures to prevent financing the terrorism as well as suppressing terrorism through prosecuting and punishing terrorist acts. PRC Government ratified this convention in 2006 with reservations.

Anti-corruption

The Anti-Unfair Competition Law (反不正當競爭法) requires that business dealers be prohibited from using properties or other means for bribing in order to sell or purchase commodities. Serious offenders shall be subject to criminal liabilities under the law. The Interim Provisions on the Prohibition of Commercial Bribery Behaviour (關於禁止商業賄賂行為的暫行規定) has further stipulated the constitution and legal liabilities of commercial bribery.

The United Nations Convention against Corruption (聯合國反腐敗公約) aims to promote and enhance various measures for preventing and combating corruption in a more effective and powerful way, and to promote, facilitate and support international cooperation and technical assistance in preventing and combating corruption, including asset recovery, encouraging integrity, accountability and proper management of public affairs and properties. PRC Government ratified this convention in 2005 with reservations.

REGULATORY ENVIRONMENT

Regulatory Reforms and Innovations

In recent years, the PRC Government has deepened reforms, further simplified and deregulated administrative measures, and the State Council and the CSRC have promulgated a number of regulations to promote the reforms and innovations of the securities industry.

Pursuant to the Opinions of the State Council on Further Promoting the Healthy Development of Capital Market (國務院關於進一步促進資本市場健康發展的若干意見) (Guofa [2014] No. 17), a multi-tier stock market shall be developed by actively and steadily promoting the reform of share offer system into a registration system, speeding up the establishment of a multi-tier equity market and encouraging market-driven M&As and restructurings; a private equity market shall be cultivated by establishing a sound private equity offering system and developing private equity investment funds; and the capital market shall be further opened up by facilitating cross-border investment and financing of domestic and foreign entities, gradually improving the level of opening-up in the securities and futures industry and enhancing the cooperation in cross-border regulation.

The CSRC promulgated the Opinions on Further Promoting the Innovative Development of Securities Operation Institutions (關於進一步推進證券經營機構創新發展的意見) (Zhengjianfa [2014] No. 37) in May 2014 which provides that modern investment banks shall be constructed by such as improving integrated financial servicing capacities, perfecting basic functions, broadening financing channels, developing cross-border business and enhancing compliance and risk control level; business and product innovation shall be supported by, such as promoting the development of asset management business, supporting the launch of fixed-income, foreign currencies and commodities business, supporting financing business innovation, properly conducting derivatives business, developing OTC services, supporting self-development of private products; and regulatory transition shall be promoted by, such as changing regulatory mode, deepening examination and approval reforms, relaxing industry access and implementing business license administration.

In recent years, the State Council has promulgated a series of regulations on cancelling and adjusting the administrative reviews and approvals for, among others, the securities industry, including but not limited to the cancellation of the approval requirement for appointment qualification of persons in charge of domestic branches of securities companies, the cancellation of review and approval requirements for borrowing or issuance, repayment or clearance of subordinated debts by securities institutions and cancellation of the review and approval requirements for new trading items listed on a stock exchange etc.

In addition, the Draft Amendment to the Securities Law (證券法修訂草案), which was submitted to the 14th meeting of the Standing Committee of the Twelfth Session of the National People's Congress for consideration in April 2015, substantially amends the securities issuance and trading system. As of the Latest Practicable Date, the Draft Amendment to the Securities Law is subject to further review by the Standing Committee of the National People's Congress.

REGULATORY ENVIRONMENT

With the deepening of regulatory reforms and innovations in the securities industry, the regulatory authorities in the PRC adopted the philosophy of relaxing prior approval while enhancing in-process supervision and enforcement. They continue to improve the way that they regulate the securities markets in China. The regulatory reform leads to a surge of innovative products and services and brings with it increased market risk and volatility. As a result, the regulatory authorities have been requesting the securities firms to strengthen their overall risk management and have been promulgating new regulations and rules from time to time to maintain and stabilize market order.

HONG KONG REGULATORY ENVIRONMENT

Introduction

The SFO (including its subsidiary legislation) is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments to the public in Hong Kong, intermediaries and their conduct of regulated activities. In particular, Part V of the SFO governs licensing and registration matters.

The SFO is administered by the SFC which is the statutory regulatory body that governs the securities and futures markets and non-bank leveraged foreign exchange market in Hong Kong.

In addition to the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (including its subsidiary legislation) provides that the SFC approves the prospectus for offerings of shares and debentures and/or grants the relevant waivers.

Types of Regulated Activities

The SFO provides a single licensing regime under which a person needs only one license to carry on the different types of regulated activities as specified in Schedule 5 of the SFO. There are ten types of regulated activities, namely:

- Type 1: dealing in securities;
- Type 2: dealing in futures contracts;
- Type 3: leveraged foreign exchange trading;
- Type 4: advising on securities;
- Type 5: advising on futures contracts;
- Type 6: advising on corporate finance;
- Type 7: providing automated trading services;
- Type 8: securities margin financing;
- Type 9: asset management; and
- Type 10: providing credit rating services.

REGULATORY ENVIRONMENT

As of the Latest Practicable Date, the following companies of our Group are licensed under the SFO to carry out the regulated activities as stated below:

Group Companies	Types of Regulated Activities
CICC HK Futures	Type 2 and Type 5
CICC HK Securities.....	Type 1, Type 2, Type 3 ⁽¹⁾ , Type 4, Type 5 and Type 6
CICC HK AM.....	Type 4 and Type 9
CICC US Securities (Hong Kong) Limited.	Type 1 ⁽²⁾

-
- (1) Subject to the condition that the licensee shall not provide discretionary account services to clients.
- (2) Subject to the condition that the licensee shall only provide services to “professional investors” as defined under the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) and its subsidiary legislation.
- (3) CICC HK Futures is in the course of applying for a Type 1 license.

In addition to the licenses above granted to the members of our Group by the SFC, CICC HK Securities also holds a money lender license issued by the licensing court under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), which allows it to provide loans to its clients in its ordinary course of business.

Overview of Licensing Requirements

Under the SFO, any person who:

- (a) carries on a business in a regulated activity; or
- (b) holds itself out as carrying on a business in a regulated activity,

must be licensed under the relevant provisions of the SFO for carrying on such regulated activity, unless one of the exceptions under the SFO applies. It is a serious offence for a person to conduct any regulated activity without the appropriate license.

Further, if a person (whether by itself or another person on his behalf, and whether in Hong Kong or from a place outside of Hong Kong) actively markets to the public in Hong Kong any services that it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person is also subject to the licensing requirements under the SFO.

In addition to the licensing requirements on corporations, any individual who:

- (a) performs any regulated function for his principal which is a licensed representative in relation to a regulated activity carried on as a business; or
- (b) holds himself out as performing such regulated function,

must be licensed separately under the SFO as a licensed representative accredited to his principal.

REGULATORY ENVIRONMENT

For each regulated activity conducted by a licensed corporation, it must appoint no less than two responsible officers, at least one of whom must be an executive director, to supervise the business of the regulated activity. A responsible officer is an individual approved by the SFC to supervise the regulated activity or activities of the licensed corporation to which he is accredited. In addition, every director of the licensed corporation who actively participates in or is responsible for directly supervising the licensed corporation's regulated activity or activities must apply to the SFC to become a responsible officer.

Fit and Proper Requirement

Persons applying for licenses under the SFO must satisfy and continue to satisfy after the grant of such licenses by the SFC that they are fit and proper persons to be so licensed. In simple terms, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable.

On-going Obligations of Licensed Corporations

Licensed corporations, licensed representatives and responsible officers must remain fit and proper as defined under the SFO at all times. They are required to comply with all applicable provisions of the SFO and its subsidiary rules and regulations as well as the codes and guidelines issued by the SFC.

Outlined below are some of the key on-going obligations of a licensed corporation:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the SFC, in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) (as discussed in more detail below);
- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong);
- maintenance of segregated account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong);
- issuance of contract notes, statements of account and receipts, in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Chapter 571Q of the Laws of Hong Kong);
- maintenance of records in accordance with the requirements prescribed under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong);
- submission of audited accounts and other required documents in accordance with the requirements under the Securities and Futures (Accounts and Audit) Rules (Chapter 571P of the Laws of Hong Kong);

REGULATORY ENVIRONMENT

- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong);
- payment of annual fees and submission of annual returns to the SFC within one month after each anniversary date of the license;
- notification to the SFC of certain changes and events, in accordance with the requirements under Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong);
- compliance with the continuous professional training requirements under the Guidelines on Continuous Professional Training issued by the SFC;
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification and reporting of suspicious transactions and staff screening, education and training, in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the SFC (as discussed in more detail below); and
- compliance with business conduct requirements under the Code of Conduct for Persons Licensed by or Registered with the SFC, the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC, the Fit and Proper Guidelines and other applicable codes and guidelines issued by the SFC.

Securities and Futures (Financial Resources) Rules (“Financial Resources Rules”)

Subject to certain exemptions described below, a licensed corporation is required to maintain minimum paid-up share capital. The following table sets out a summary of those rules which regulate the minimum paid-up share capital and are applicable to our licensed subsidiaries in Hong Kong:

Minimum amount of paid-up capital	Regulated activities	Applicable to our licensed subsidiaries
HKD10,000,000	Dealing in securities and provides margin financing	CICC HK Securities
HKD5,000,000	Dealing in securities	CICC US Securities (Hong Kong) Limited
HKD5,000,000	Dealing in and advising on futures contracts	CICC HK Securities CICC HK Futures
HKD30,000,000	Leveraged foreign exchange trading	CICC HK Securities
HKD5,000,000	Advising on securities	CICC HK Securities CICC HK AM
HKD10,000,000	Advising on corporate finance (in the case where the corporation acts as a sponsor)	CICC HK Securities
HKD5,000,000	Asset management	CICC HK AM

REGULATORY ENVIRONMENT

Other than minimum paid-up share capital requirements, the Financial Resources Rules also stipulate that, the licensed corporation is required to maintain minimum liquidity, which is an excess of assets over liabilities with the same level in a licensed corporation. Pursuant to the Financial Resources Rules, the minimum liquidity applicable to our licensed subsidiaries in Hong Kong shall be the higher of the amount of (a) and (b) below:

- (a) the amount of:

Minimum amount of liquid capital required	Regulated activities
HKD3,000,000	Dealing in securities and provides margin financing
HKD3,000,000	Dealing in and advising on futures contracts
HKD15,000,000	Leveraged foreign exchange trading
HKD3,000,000	Advising on securities
HKD3,000,000	Advising on corporate finance
HKD3,000,000	Asset management

- (b) In the case of a corporation licensed for any regulated activities other than Type 3 regulated activity, its variable required liquidity means 5% of the aggregate of (i) its adjusted liabilities; (ii) the aggregate of the initial margin requirements in respect of outstanding futures contracts or outstanding options contracts held by it on behalf of its client; and (iii) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts or outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to the requirement of payment of initial margin.

Exempt Principal Trader (“EPT”) Status under the Takeovers Code

Under the Takeovers Code, a financial adviser (including a stockbroker) and persons controlling, controlled by or under the same control as the financial adviser are presumed to be persons acting in concert with clients of such financial adviser (except in the capacity of an EPT). There are certain restrictions on dealing during an offer period imposed on persons acting in concert with the offeror or offeree by the Takeovers Code, including among other things, restriction on selling of any securities in the offeree by persons acting in concert with the offeror, and restriction on purchase of shares of the offeree or dealing in convertible securities, warrants, options or derivatives in respect of the shares of the offeree by the persons acting in concert with the offeree.

The SFC is prepared to grant EPT status, taking into consideration the Chinese Walls between the corporate finance adviser and its group companies/other business units and the compliance procedures in place, to such group companies/other business units of the corporate finance adviser carrying on principal trading activities which are separate from, and not influenced by, the corporate finance adviser’s involvement in transactions under the Takeovers Code. Trading activities conducted by the entities with EPT status which trade as principal in securities for the purpose of derivative arbitrage or hedging activities such as closing out existing derivatives, delta hedging in respect of

REGULATORY ENVIRONMENT

existing derivatives, index-related product or tracker fund arbitrage in relation to the relevant securities or other similar activities assented to by the SFC during an offer period are exempt from the dealing restrictions otherwise applicable to persons acting in concert with the offeror or offeree.

The SFC has granted EPT status to our Company and the following subsidiaries:

- CICC HK Securities;
- CICC Financial Products Ltd.;
- CICC Financial Trading Limited;
- CICC Commodity Trading Limited;
- CICC Customer Trading Limited;
- CICC Wealth Investment Limited; and
- CICC Pucheng Investment Co., Ltd.

The above entities will, therefore, not normally be treated as acting in concert with clients of the corporate finance department of CICC HK Securities and therefore not normally be subject to all of the dealing restrictions otherwise applicable to persons acting in concert with the offeror or offeree under the Takeovers Code.

Anti-money Laundering and Counter-terrorist Financing

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, and the Prevention of Money Laundering and Terrorist Financing Guideline issued by the SFC for Associated Entities published by the SFC in April 2012.

The Guideline on Anti-Money Laundering and Counter-Terrorist Financing provides practical guidance to assist licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Under the Guideline, licensed corporations should, among other things:

- assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the associated money laundering and terrorist financing risks;
- identify the client and verify the client's identity using reliable, independent source documents, data or information, and take steps from time to time to ensure that the client information is up-to-date and relevant;

REGULATORY ENVIRONMENT

- conduct on-going monitoring of activities of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transaction that have no apparent economic or lawful purpose;
- maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the various lists that have been made known to it, as well as comprehensive on-going screening of the client database; and
- conduct on-going monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the Joint Financial Intelligence Unit, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs & Excise Department to monitor and investigate suspected money laundering.

We set out below a brief summary of the principal pieces of legislation in Hong Kong that are concerned with money laundering and terrorist financing.

(1) ***Anti-money Laundering and Counter-terrorist Financing (Financial Institution) Ordinance (Chapter 615 of the Laws of Hong Kong) (“AMLO”)***

Among other things, the AMLO imposes requirements relating to client due diligence and record-keeping and provides regulatory authorities with the powers to supervise compliance with the requirements under the AMLO. In addition, the regulatory authorities are empowered to (i) ensure that proper safeguards exist to prevent contravention of specified provisions in the AMLO and (ii) mitigate money laundering and terrorist financing risks.

(2) ***Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong) (“DTROP”)***

Among other things, the DTROP contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities. It is an offence under the DTROP if a person deals with any property knowing or having reasonable grounds to believe it to represent the proceeds of drug trafficking. The DTROP requires a person to report to an authorized officer if he/she knows or suspects that any property (directly or indirectly) represents the proceeds of drug trafficking or is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offence under the DTROP.

(3) ***Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) (“OSCO”)***

Among other things, the OSCO empowers officers of the Police and the Customs and Excise Department to investigate organized crime and triad activities, and it gives the courts jurisdiction to confiscate the proceeds of organized and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences. The OSCO extends the money laundering offence to cover the proceeds of all indictable offences in addition to drug trafficking.

REGULATORY ENVIRONMENT

(4) *United Nations (Anti-terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) (“UNATMO”)*

Among other things, the UNATMO provides that it would be a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate. The UNATMO also requires a person to report his knowledge or suspicion of terrorist property to an authorized officer, and failure to make such disclosure constitutes an offence under the UNATMO.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”)

The United States has enacted rules commonly referred to as FATCA that target tax evasion by U.S. taxpayers using foreign accounts. FATCA seeks to obtain information on accounts held by U.S. taxpayers in foreign countries by requiring foreign financial institutions (“FFIs”) to report to the U.S. Internal Revenue Service (“IRS”) certain information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a minimum ownership interest. To facilitate the implementation of FATCA, many foreign governments have entered into intergovernmental agreements (“IGAs”) with the United States or agreed to IGAs in substance, which may modify the FATCA withholding regime described below.

The governments of the United States and the PRC have in substance agreed to an IGA. Under the U.S.-PRC IGA, the Company and any of its subsidiaries that are FFIs are subject to certain diligence requirements and must report the required information under FATCA about their U.S. accounts to the relevant PRC authority, which in turn will report information to the IRS. These agreements are reciprocal, meaning that the United States will provide certain tax information to the PRC.

FATCA generally imposes a 30% withholding tax on certain U.S.-source “withholdable payments” and, starting from 2017, may impose such withholding on “foreign passthru payments” made by an FFI. Under current guidance, the term “foreign passthru payment” is not defined and it is therefore not clear whether or to what extent payments on the Shares would be considered foreign passthru payments. It is not yet clear how IGAs will address foreign passthru payments or whether any withholding will be required on such payments by companies subject to an IGA. Prospective investors in the Shares should consult their tax advisors regarding the potential impact of FATCA, IGAs and any non-U.S. legislation implementing FATCA, on their investment in the Shares. The Company and each of its subsidiaries intend to comply with FATCA.

UNDERWRITING

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Goldman Sachs (Asia) L.L.C.
CMB International Capital Limited
CCB International Capital Limited
ICBC International Securities Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
The Hongkong and Shanghai Banking Corporation Limited
China Galaxy International Securities (Hong Kong) Co., Limited
DBS Asia Capital Limited
Southwest Securities (HK) Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 61,140,800 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee granting listing of, and permission to deal in, the H Shares to be issued and offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The Underwriters' Representative (for itself and on behalf of the Hong Kong Underwriters) is entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement, if, prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

- (1) there shall develop, occur, exist or come into effect:
 - (a) any local, national, regional or international event, or series of events, in the nature of force majeure, including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, crisis, labour disputes, epidemics, pandemics, outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), outbreak of infectious diseases or epidemics or pandemics including, but not limited to, Severe Acute Respiratory Syndromes (SARS), H1N1 and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, or other state of emergency or calamity or crisis; or
 - (b) any change or development involving a prospective change, or any event or series of events resulting or likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency or credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Singapore, the European Union (or any member thereof) or Japan; or
 - (c) any moratorium, suspension, restriction or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Markets, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, or the Shenzhen Stock Exchange, or any material disruption in monetary or trading or securities settlement or clearance services, procedures or matters (for the avoidance of doubt, such moratorium, suspension, restriction or limitation shall not include the monetary and regulatory measures adopted by the authorities of the PRC to stabilize the PRC A share market or to adjust the mechanism of determining the mid-point price of Renminbi to the U.S. dollars, which have been disclosed in this prospectus); or

UNDERWRITING

- (d) any moratorium, suspension or restriction on trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or
- (e) any general moratorium, on commercial banking activities or foreign exchange trading or securities settlement or clearance services in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, Japan, the PRC, Singapore or the European Union (or any member thereof), or any disruption in commercial banking, or foreign exchange trading or securities settlement or clearance services, procedures, or matters in those places or jurisdictions; or
- (f) any new law or regulation or any change, development, announcement or publication involving a prospective change in existing laws or regulations or any change, development, announcement or publication involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Singapore or Japan; or
- (g) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, the United States, Singapore, Japan, or the European Union (taken as a whole or any member thereof) on the PRC or any other jurisdiction relevant to any member of our Group; or
- (h) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the HK dollars or the Renminbi against any foreign currencies), or the implementation of any exchange control in Hong Kong, the PRC, the United States, Japan, the United Kingdom or Singapore; or
- (i) any litigation, investigation, legal action, claim or legal proceeding of any third party being threatened, announced or instigated against any member of our Group ; or
- (j) the commencement by any judicial, governmental, law enforcement agency, regulatory or political body or organization of any investigation, claim, proceedings, or other actions against any Director or an announcement by any judicial, governmental, regulatory or political body or organization that it intends to take any such action; or
- (k) a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (l) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering (including pursuant to the Over-allotment Option); or

UNDERWRITING

- (m) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation by our Company; or
- (n) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up or liquidation of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (o) any event which gives rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement; or
- (p) other than with the approval of the Underwriters' Representative, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC;

which, individually or in the aggregate, in the sole opinion of the Underwriters' Representative (for itself and on behalf of the other Hong Kong Underwriters) (1) has or will have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholder's equity, profits, losses, results of operations, position or condition, financial or otherwise, the performance of our Group as a whole, or (2) has or will have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, or (3) makes or will make it impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering, or (4) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

UNDERWRITING

- (2) there has come to the notice of the Underwriters' Representative or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
- (a) that any statement contained in the PHIP, the Hong Kong Public Offering documents, the formal notice of the Global Offering and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has or may become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in the PHIP, the Hong Kong Public Offering documents, the formal notice of the Global Offering and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
 - (b) that any matter has arisen or has been discovered which would, or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement or omission from any of the Hong Kong Public Offering documents, and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
 - (c) any material breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
 - (d) any event, act or omission which gives or is likely to give rise to any material liability of our Company pursuant to the indemnity clause of the Hong Kong Underwriting Agreement; or
 - (e) any material adverse change or development involving a prospective material adverse change (whether permanent or not) in the assets, liabilities, business, general affairs, management, prospects (financial or otherwise), shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, trading position or performance of our Group as a whole, whether or not arising in the ordinary course of business, as determined by the Underwriters' Representative in its sole and absolute discretion; or
 - (f) any material breach of, or any matter or event rendering untrue, incorrect, inaccurate in any material respect or misleading in any respect, any of the warranties of the Company in the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (g) approval by the CSRC or by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) our Company withdraws this prospectus (and/or any other documents issued or used in connection with Global Offering) or the Global Offering; or
- (i) KPMG as the reporting accountant or Haiwen & Partners as the legal adviser to our Company on PRC law in relation to the Global Offering, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and references of its name included in the form and context in which it respectively appears.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

Undertakings by Us

We have undertaken to the Hong Kong Stock Exchange that, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules or pursuant to the Global Offering and the Over-allotment Option, no further shares or securities convertible into shares of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the date on which our H Shares first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing).

Undertakings by Huijin

Pursuant to Rule 10.07 of the Listing Rules, Huijin has undertaken to us and to the Hong Kong Stock Exchange that, except pursuant to the Global Offering (including the Over-allotment Option) and the sale and/or transfer of the state-owned shares according to the relevant PRC laws and regulations, it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules, in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities of the Company (the “Relevant Securities”) in respect of which it is shown by this prospectus to be the beneficial owner (as defined in the Listing Rules).

UNDERWRITING

In addition, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, Huijin has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any of the Relevant Securities beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Relevant Securities so pledged or charged; and
- (b) when it receives any indication, either verbal or written, from any pledgee or chargee of the Relevant Securities pledged or charged that such Relevant Securities will be disposed of, immediately inform us of any such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by Huijin and announce such as soon as possible after being so informed by Huijin.

See “Share Capital — Transfer of Shares Issued Prior to the Global Offering” for details of the restrictions on sales for each of Huijin, Jianyin Investment, JIC Investment and China Investment Consulting under the relevant PRC laws and rules.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Underwriters’ Representative, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option or the underwriting of the Global Offering by CICC HK Securities or any stabilizing activities by the Stabilizing Manager) during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date, we will not without the prior written consent of the Underwriters’ Representative (for itself and on behalf of the Hong Kong Underwriters) (such consent shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, make any short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any shares of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any shares of our Company, as applicable);

UNDERWRITING

- (b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the shares or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any shares or such other securities of our Company, as applicable);
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) offer to or agree to or contract to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of share or such other securities of our Company, as applicable, or in cash or otherwise (whether or not such issue of the Offer Shares or securities will be completed within such period) or publicly disclosed that our Company will or may enter into any transaction described above. In the event that, during the period of six months immediately following the expiry of the first six month period after the Listing Date, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or contracts to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such act will not create a disorderly or false market for any shares or other securities of our Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

International Offering

In connection with the International Offering, it is expected that our Company and the Selling Shareholders will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company and the Selling Shareholders are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Underwriters' Representative on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, and the Selling Shareholders to sell, up to an aggregate of 91,709,200 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over allocations (if any) in the International Offering.

UNDERWRITING

It is expected the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commission and Expenses

The Hong Kong Underwriters will receive a gross underwriting commission of 1.5% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Underwriters' Representative (for itself and on behalf of the International Underwriters). The Company may also in its sole discretion pay the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$9.70 per Offer Share (being the mid-point of the indicative Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) are expected to be approximately HK\$124.0 million. Such commissions and fees are payable by our Company. The Selling Shareholders will pay the SFC transaction levy and Hong Kong Stock Exchange trading fee in respect of their respective Sale Shares.

Assuming an Offer Price of HK\$9.70 per H Share (being the mid-point of the indicative Offer Price range), the aggregate commissions and fees (assuming the full payment discretionary incentive fee and no exercise of the Over-allotment Option), together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK\$222.2 million in total.

The commission and expenses were determined after arm's length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

Hong Kong Underwriters' Interests in the Company

Save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

UNDERWRITING

JOINT SPONSORS' INDEPENDENCE

CICC HK Securities, being one of the Joint Sponsors, is one of our subsidiaries. It is not an independent sponsor according to the independence criteria applicable to sponsors set out in Rule 3.07 of the Listing Rules.

ABCI Capital Limited satisfies the independence criteria applicable to sponsors set out in Rule 3.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in China and the U.S..

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "Syndicate Members") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such

UNDERWRITING

activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the over-allotment option and stabilization are set forth in “Structure of the Global Offering.”

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 61,140,800 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in “The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of 550,265,600 Offer Shares (subject to reallocation as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Of the 611,406,400 Offer Shares initially being offered under the Global Offering, 6,113,600 Offer Shares are available for subscription by Eligible Hong Kong Employees on a preferential basis under the Hong Kong Employee Preferential Offering, and 55,026,400 Offer Shares are available for subscription by the Eligible Hong Kong Employees or Eligible International Employees and on a preferential basis under the International Employee Preferential Offering. The Employee Reserved Shares are subject to lock-up period until April 30, 2016. As of the Latest Practicable Date, there were a total of approximately 2,200 Eligible Employees, of which approximately 160 were Eligible Directors and Close Associates and Eligible Connected Clients.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, (i) a waiver from strict compliance with the requirements of Rule 10.03 of and a consent under Paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the subscription of the Employee Reserved Shares by the Eligible Directors and Close Associates under the Employee Preferential Offering, and (ii) a consent under Paragraph 5(1) of Appendix 6 to the Listing Rules in relation to the subscription of the International Reserved Shares under the International Employee Preferential Offering by the Eligible Connected Clients. See “Waivers from Strict Compliance with the Listing Rules — Waiver and Consent in Respect of the Employee Preferential Offering” for further details.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 27.50% of the enlarged registered share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 30.48% of the enlarged registered share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in “The International Offering — Over-allotment Option” below.

STRUCTURE OF THE GLOBAL OFFERING

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in “The Hong Kong Public Offering — Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 61,140,800 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 2.75% of the Company’s registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “Conditions of the Hong Kong Public Offering” below.

Allocation

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below and after deducting the number of Hong Kong Offer Shares validly applied for under the Hong Kong Employee Preferential Offering) is to be divided into two pools for allocation purposes: 27,513,600 Offer Shares for pool A and 27,513,600 Offer Shares for pool B. The Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding 1% brokerage, 0.0027% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding 1% brokerage, 0.0027% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. In addition, multiple or suspected multiple applications are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of Offer Shares to investors under the Hong Kong Public Offering, both in relation to pool A and B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that:

- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 11 times or more but less than 39 times of the number of H Shares initially available under the Hong Kong Public Offering, then H Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 91,711,200 H Shares, representing approximately 15% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 39 times or more but less than 79 times of the number of the H Shares initially available under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the H Shares available under the Hong Kong Public Offering will be 122,281,600 H Shares, representing approximately 20% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 79 times or more of the number of the H Shares initially available for subscription under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the H Shares available under the Hong Kong Public Offering will be 220,106,400 H Shares, representing approximately 36% of the H Shares initially available under the Global Offering. In each such case, the number of the H Shares allocated to the International Offering will be correspondingly reduced.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Underwriters' Representative deems appropriate. In addition, the Underwriters' Representative may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Underwriters' Representative has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Underwriters' Representative deems appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or the applicant (or any person for whose benefit he is making the application) has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$10.28 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Pricing of the Global Offering" below, is less than the maximum price of HK\$10.28 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

Hong Kong Employee Preferential Offering

Of the 61,140,800 Offer Shares initially being offered under the Hong Kong Public Offering, 6,113,600 Hong Kong Reserved Shares (representing approximately 10% of the total number of the Offer Shares initially available under the Hong Kong Public Offering and 1% of the total number of the Offer Shares initially available under the Global Offering respectively) are available for subscription by Eligible Hong Kong Employees on a preferential basis under the Hong Kong Employee Preferential Offering, subject to the terms and conditions set out in this prospectus and the **PINK** Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Reserved Shares are being offered out of the Hong Kong Offer Shares but will not be subject to the clawback mechanism as set out in “Structure of The Global Offering — The Hong Kong Public Offering — Reallocation” in this section.

Any application for more than 753,600 Hong Kong Reserved Shares by any Eligible Employee will be treated as if it is an application for 753,600 Hong Kong Reserved Shares.

Allocation of the Hong Kong Reserved Shares will be based on the written guidelines distributed to the Eligible Hong Kong Employees which are generally consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of the Hong Kong Reserved Shares will not be based on identity, seniority, length of service or work performance of the Eligible Hong Kong Employees. No preferential treatment will be given to the Eligible Directors and Close Associates or Eligible Connected Clients as compared to other Eligible Employees. The allocation will be handled by the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, based on the level of valid applications received for the Hong Kong Reserved Shares. If there is over-subscription, the Hong Kong Reserved Shares will be allocated on a flat pro-rata allocation percentage regardless of the number of shares applied for (i.e., total number of the Hong Kong Reserved Shares available for subscription divided by the total number of the Hong Kong Reserved Shares validly applied for subject to rounding to the nearest whole number of board lot), subject to a maximum of 753,600 H Shares.

Any Hong Kong Reserved Shares not subscribed for by the Eligible Hong Kong Employees will be available for subscription by the public in Hong Kong under the Hong Kong Public Offering after the reallocation in pool A and pool B in equal proportion as described above in “Structure of The Global Offering — The Hong Kong Public Offering” in this section.

For the avoidance of doubt, Eligible Hong Kong Employees may only participate in either of the Hong Kong Employee Preferential Offering or the International Employee Preferential Offering, but not both.

An Eligible Hong Kong Employee who makes an application for the Hong Kong Reserved Shares on a **PINK** Application Form may not apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering.

Eligible Directors and Close Associates or Eligible Connected Clients who intend to apply for Hong Kong Reserved Shares will not participate in any decision of our Company in relation to the allocation basis for the Hong Kong Employee Preferential Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 494,683,200 Offer Shares to be offered by us and 55,582,400 Sale Shares to be sold by the Selling Shareholders.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Underwriters’ Representative (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Underwriters’ Representative so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we and the Selling Shareholders are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Underwriters’ Representative on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Underwriters’ Representative has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, and the Selling Shareholders to sell, up to 91,709,200 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.98% of the Company’s enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

International Employee Preferential Offering

Of the 550,265,600 Offer Shares initially being offered under the International Offering, 55,026,400 International Reserved Shares (representing approximately 10% of the total number of the Offer Shares initially available under the International Offering and 9% of the total number of

STRUCTURE OF THE GLOBAL OFFERING

the Offer Shares initially available under the Global Offering respectively) are available for subscription by the Eligible Hong Kong Employees or Eligible International Employees on a preferential basis under the International Employee Preferential Offering as further described below.

The International Reserved Shares are being offered out of the International Offer Shares but will not be subject to the clawback mechanism as set out in “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this section.

Eligible International Employees in the PRC may participate in the International Employee Preferential Offering through an asset management scheme (the “**Scheme**”) set up by Galaxy Capital Asset Management Co., Ltd. (“**Galaxy Capital**”). Galaxy Capital will then subscribe for the International Reserved Shares through a QDII channel in accordance with applicable PRC laws and regulations. It is expected that the economic interest and voting rights of the International Reserved Shares that Galaxy Capital subscribes for will be effectively passed through to the Eligible International Employees who participate in the Scheme. The above arrangement will be achieved by an allocation of the International Reserved Shares to Galaxy Capital in a structured pass-through transaction. The Scheme has a maturity of two years and will be redeemed in full upon maturity. After an initial lock-up period until April 30, 2016, periodic redemptions of the Scheme will be permitted prior to maturity. Haiwen & Partners, our PRC legal advisers, has advised that the arrangement of the offer of the Scheme to the Eligible International Employees by Galaxy Capital and the subscription of the International Reserved Shares by Galaxy Capital through a QDII channel will not violate PRC laws and regulations.

Eligible International Employees in the United Kingdom and Singapore may also subscribe for International Reserved Shares outside the United States in offshore transactions in reliance on Regulation S and the applicable exemptions in the United Kingdom and Singapore respectively, further details of which are set out in the offering circular of the International Offering. The documents issued and to be issued in connection with the International Offering (including the International Employee Preferential Offering) will not be registered under applicable securities legislation of the United Kingdom and Singapore.

An Eligible Hong Kong Employee may also subscribe for International Reserved Shares under the International Employee Preferential Offering provided that he is outside the U.S. and not a U.S. person (as defined in Rule 902 of Regulation S). For the avoidance of doubt, an Eligible Hong Kong Employee may only participate in either of the Hong Kong Employee Preferential Offering or the International Employee Preferential Offering, but not both.

An Eligible International Employee who makes an application for the International Reserved Shares may not apply for International Offer Shares under the International Offering or apply for or indicate an interest for Hong Kong Offer Shares under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Save for the application made by Galaxy Capital, any application for more than 753,600 International Reserved Shares by any Eligible Employee will be treated as if it is an application for 753,600 International Reserved Shares. The total number of the International Reserved Shares that Galaxy Capital may subscribe for under the International Employee Preferential Offering shall not exceed 753,600 International Reserved Shares times the number of Eligible Employees who participate in the Scheme.

Allocation of the International Reserved Shares will be based on the written guidelines distributed to the Eligible Employees which are generally consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of the International Reserved Shares will not be based on identity, seniority, length of service or work performance of the Eligible Employees. No preferential treatment will be given to the Eligible Directors and Close Associates or Eligible Connected Clients compared to other Eligible Employees subscribing under the International Employee Preferential Offering. The allocation will be handled by the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, based on the level of valid applications received for the International Reserved Shares. If there is over-subscription, the International Reserved Shares will be allocated on a flat pro-rata allocation percentage regardless of the number of shares applied for (i.e., total number of the International Reserved Shares available for subscription divided by the total number of the International Reserved Shares validly applied for subject to rounding to the nearest whole number of board lot), subject to the maximum number of the International Reserved Shares that the Eligible Employees or Galaxy Capital may subscribe for as described above.

Any International Reserved Shares not subscribed for by the Eligible Hong Kong Employees or Eligible International Employees will be available for subscription by the other institutional and professional investors and other investors in the International Offering after the reallocation as described above in "Structure of The Global Offering — The Hong Kong Public Offering" in this section.

Eligible Directors and Close Associates or Eligible Connected Clients who intend to apply for International Reserved Shares will not participate in any decision of our Company in relation to the allocation basis for the International Employee Preferential Offering.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building" is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, October 30, 2015, and in any event not later than Friday, November 6, 2015, by agreement between the Underwriters and our Company (for ourselves and on behalf of the Selling Shareholders) and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$10.28 per H Share and is expected to be not less than HK\$9.12 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Underwriters' Representative (for itself and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company (for ourselves and on behalf of the Selling Shareholders), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notices of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Upon issue of a notice in the reduction of the Offer Price, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Underwriters' Representative (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. **Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon between our Company and the Underwriters, will under no circumstances be set outside the offer price range as stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Underwriters' Representative may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Underwriters' Representative.

The Offer Price for H Shares under the Global Offering is expected to be announced on Friday, November 6, 2015.

The indications of interest in the Global Offering, the results of applications and the basis of allocation of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Friday, November 6, 2015 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cicc.com.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, CICC HK Securities, as Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws, rules and regulatory requirements in place. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, or its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

The Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of the Offer Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares;

STRUCTURE OF THE GLOBAL OFFERING

- (ii) in connection with any action described in paragraph (i) above:
 - (A) (1) over-allocate the Offer Shares; or (2) sell or agree to sell the Offer Shares so as to establish a short position in them;
 - (B) purchase or subscribe for or agree to purchase or subscribe for the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (A) above;
 - (C) sell or agree to sell any of the Offer Shares to liquidate a long position held as a result of those purchases; or
 - (D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Offer Shares, and there is no certainty regarding the extent to which and the time period for which it will maintain any such position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, which may include a decline in the market price of the Offer Shares.

Stabilization cannot be used to support the price of the Offer Shares for longer than the stabilization period, which begins on the day on the Listing Date and ends on the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on Sunday, November 29, 2015. After this date, when no further stabilization action may be taken, demand for the H Shares, and therefore their market price, could fall.

Any stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Offer Shares.

In connection with the Global Offering, the Underwriters' Representative may over-allocate up to and not more than an aggregate of 91,709,200 additional H Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

STRUCTURE OF THE GLOBAL OFFERING

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

THE SELLING SHAREHOLDERS

Each of Huijin, Jianyin Investment, JIC Investment and China Investment Consulting is initially offering 55,352,000, 76,800, 76,800 and 76,800 Sale Shares respectively as part of the Global Offering. In addition, each of Huijin, Jianyin Investment, JIC Investment and China Investment Consulting may sell up to additional 8,302,400, 11,600, 11,600 and 11,600 Sale Shares respectively if the Over-allotment Option is exercised. Pursuant to a letter issued by the NSSF on September 1, 2015, the NSSF instructed us, among other things, to remit the proceeds (after deducting the SFC transaction levy and Hong Kong Stock Exchange trading fee) from the sale of the Sale Shares currently registered in the name of the Selling Shareholders in the Global Offering to an account designated by the NSSF in accordance with relevant PRC laws and regulations.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, November 9, 2015, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Monday, November 9, 2015. Our H Shares will be traded in board lots of 400 H Shares each. The stock code for the H Shares is 3908.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee granting listing of, and permission to deal in, the H shares to be issued and sold pursuant to the Global Offering (including the additional H Shares which may be issued and sold pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Unlisted Foreign Shares held by our existing foreign Shareholders and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;

STRUCTURE OF THE GLOBAL OFFERING

- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Underwriters on or before Friday, November 6, 2015, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** at www.eipo.com.hk;
- electronically cause HKSCC Nominees to apply on your behalf; or
- use a **PINK** Application Form to apply for the Hong Kong Reserved Shares if you are an Eligible Hong Kong Employee.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Underwriters' Representative, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

You may choose to apply for Hong Kong Reserved Shares if you are also an Eligible Hong Kong Employee.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Underwriters' Representative may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four (except for applications made using **PINK** Application Forms where no joint application will be permitted) and they may not apply by means of the **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or pursuant to the relevant waiver and consent granted by the Hong Kong Stock Exchange as further described in "Waivers from Strict Compliance with the Listing Rules — Waiver and Consent in respect of the Employee Preferential Offering" in this prospectus, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares of the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

If you are an Eligible Hong Kong Employee applying for the Hong Kong Reserved Shares under the Employee Preferential Offering by using a **PINK** Application Form, any application made on a **PINK** Application Form for more than 753,600 Offer Shares will be treated as if it is an application for 753,600 Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, October 27, 2015 till 12:00 noon on Friday, October 30, 2015 from:

- (i) any of the following offices of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited

29th Floor, One International Finance Center
1 Harbour View Street
Central
Hong Kong

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CMB International Capital Limited

Units 1803-4, 18/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

ICBC International Securities Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

BOCOM International Securities Limited

9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

Level 15
1 Queen's Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited

Units 3501-7 & 3513-14
35F, Cosco Tower
183 Queen's Road Central
Hong Kong

DBS Asia Capital Limited

17th Floor, The Center
99 Queen's Road Central
Central
Hong Kong

Southwest Securities (HK) Brokerage Limited

Suite 1601, 1606-1608
16/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

(ii) any of the following branches of the receiving banks:

Bank of China (Hong Kong) Limited

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Bank of China Tower Branch Causeway Bay Branch	3/F, 1 Garden Road 505 Hennessy Road, Causeway Bay, Hong Kong
Kowloon	194 Cheung Sha Wan Road Branch Shanghai Street (Mong Kok) Branch Telford Gardens Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon 611-617 Shanghai Street, Mong Kok Shop P2 Telford Gardens, Kowloon Bay

HOW TO APPLY FOR HONG KONG OFFER SHARES

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
New Territories	Tai Po Branch	68-70 Po Heung Street, Tai Po Market
	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun

Standard Chartered Bank (Hong Kong) Limited

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
Kowloon	Kwun Tong Branch	G/F, 414 Kwun Tong Road, Kowloon
	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui
New Territories	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O
	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan

Wing Lung Bank Limited

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
	Aberdeen Branch	201 Aberdeen Main Road
New Territories	Yuen Long Branch	37 On Ning Road

HOW TO APPLY FOR HONG KONG OFFER SHARES

Bank of Communications Co., Ltd. Hong Kong Branch

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Central District Sub-Branch	G/F., Far East Consortium Building, 125A Des Voeux Road C., Central
	Kennedy Town Sub-Branch	G/F., 113-119 Belcher's Street, Kennedy Town
New Territories	Sheung Shui Sub-Branch	Shops 1010-1014, G/F., Sheung Shui Centre, Sheung Shui
	Shatin Sub-Branch	Shop No. 193, Level 3, Shatin Lucky Plaza, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, October 27, 2015 till 12:00 noon on Friday, October 30, 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

The Eligible Hong Kong Employees can collect a **PINK** Application Form and this prospectus from our Company's principal place of business in Hong Kong at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours from 9:00 a.m. on Tuesday, October 27, 2015 until 6:00 p.m. on Wednesday, October 28, 2015.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — CICC Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Tuesday, October 27, 2015 — 9:00 a.m. to 5:00 p.m.
Wednesday, October 28, 2015 — 9:00 a.m. to 5:00 p.m.
Thursday, October 29, 2015 — 9:00 a.m. to 5:00 p.m.
Friday, October 30, 2015 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, October 30, 2015, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

Your completed **PINK** Application Form, together with a cheque attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — CICC Public Offer" for the payment must be deposited in the collection point located at the Company's principal place of business in Hong Kong at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong by 6:00 p.m. on Wednesday, October 28, 2015, being the last day for the submission of **PINK** Application Form, or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Underwriters' Representative (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Underwriters' Representative, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Underwriters' Representative, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Underwriters' Representative and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Underwriters' Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** or **PINK** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
- (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW and PINK Application Forms

You may refer to the **YELLOW** and **PINK** Application Forms for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website at www.eipo.com.hk. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website at www.eipo.com.hk, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** service at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m., on Tuesday, October 27, 2015 until 11:30 a.m., on Friday, October 30, 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, on Friday, October 30, 2015 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 for each “CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Underwriters' Representative and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors and the Underwriters' Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Underwriters' Representative, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Underwriters' Representative, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong;
- agree with the Company, for itself and for the benefit of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company, with each CCASS Participant giving electronic application instructions):
 - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;
 - (b) that any award made in such arbitration shall be final and conclusive; and
 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with the Company (for the Company itself and for the benefit of each Shareholder of the Company) that H Shares in the Company are freely transferable by their holders; and
- authorise the Company to enter into a contract on its behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Articles of Association of the Company.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 400 Hong Kong Offer Shares. Instructions for more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, October 27, 2015 — 9:00 a.m. to 8:30 p.m. ⁽¹⁾
- Wednesday, October 28, 2015 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Thursday, October 29, 2015 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Friday, October 30, 2015 — 8:00 a.m. ⁽¹⁾ to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., Tuesday, October 27, 2015 until 12:00 noon, Friday, October 30, 2015 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon, Friday, October 30, 2015, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the H Share Registrar, the receiving banks, the Underwriters’ Representative, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Underwriters’ Representative, the Joint Global Coordinators, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, October 30, 2015 or such later time under the "Effect of Bad Weather on the Opening of the Applications Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are an Eligible Hong Kong Employee, you may choose to make an application for Hong Kong Reserved Shares by using a **PINK** Application Form. Only one application for Hong Kong Reserved Shares is permitted per Eligible Hong Kong Employee under the Hong Kong Preferential Offering. Multiple applications or suspected multiple application by any Eligible Hong Kong Employee are liable to be rejected.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** or **PINK** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE**, **YELLOW** and **PINK** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE**, **YELLOW** and **PINK** Application Form or through the **White Form eIPO** service in respect of a minimum of 400 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 400 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 30, 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the application lists do not open and close on Friday, October 30, 2015 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, November 6, 2015 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at www.cicc.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.cicc.com and the Hong Kong Stock Exchange’s website at www.hkexnews.hk by no later than Friday, November 6, 2015;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, November 6, 2015 to 12:00 midnight on Thursday, November 12, 2015;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, November 6, 2015 to Monday, November 9, 2015;
- in the special allocation results booklets which will be available for inspection during opening hours on Friday, November 6, 2015, Saturday, November 7, 2015 and Monday, November 9, 2015 at the designated receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR HONG KONG OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Company or its agents exercise their discretion to reject your application:**

The Company, the Underwriters' Representative, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Underwriters' Representative believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$10.28 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, November 6, 2015.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the H share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Forms, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of H share certificates and refund monies as mentioned below, any refund cheques and H share certificates are expected to be posted on or before Friday, November 6, 2015. The right is reserved to retain any H share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

If you apply by **PINK** Application Forms, H Share certificate(s) and/or refund cheque(s) will be sent to the Company on Friday, November 6, 2015 and the Company will arrange for onward despatch to you at the address specified in your **PINK** Application Form or as otherwise notified by you to the Company.

H Share certificates will only become valid at 8:00 a.m., on Monday, November 9, 2015 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H share certificate(s) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, November 6, 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, November 6, 2015, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, November 6, 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, November 6, 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, November 6, 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the White Form eIPO service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your H Share certificate(s) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, November 6, 2015, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, November 6, 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via Electronic Application Instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your H share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, November 6, 2015, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “Publication of Results” above on Friday, November 6, 2015. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, November 6, 2015 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Friday, November 6, 2015. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, November 6, 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

October 27, 2015

The Directors
China International Capital Corporation Limited

China International Capital Corporation Hong Kong Securities Limited
ABCI Capital Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to China International Capital Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, 2013, 2014 and 30 June 2015 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group, for each of the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2015 (the "Relevant Periods"), together with the explanatory notes thereto (collectively referred to as the "Financial Information"), for inclusion in the prospectus of the Company dated October 27, 2015 (the "Prospectus").

The Company was established on 31 July 1995 as a limited liability company with the approval of the People's Bank of China (the "PBOC"). Pursuant to a conversion completed on 1 June 2015 as detailed in the section headed "Our History and Corporate Structure" in the Prospectus, the Company was converted into a joint stock company with limited liability.

The Group has prepared statutory financial statements in accordance with the "Accounting Standards for Business Enterprises" issued by the Ministry of Finance (the "MOF") of the People's Republic of China (the "PRC"), and other relevant regulations (collectively known as the "PRC GAAP") (the "PRC Accounting Standard Financial Statements"). The PRC Accounting Standard Financial Statements of the Company and the Group for each of the years ended 31 December 2012, 2013 and 2014 were audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合伙)).

All subsidiaries of the Company have adopted 31 December as their financial year end date. Details of the Company's principal subsidiaries and the names of the respective auditors are set out in Note 56 (a) of Section C. The statutory financial statements of the Company's subsidiaries were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2015 were audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2015.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, and on the basis of preparation set out in Note 2 of Section C, a true and fair view of the financial position of the Group and the Company as at 31 December 2012, 2013, 2014 and 30 June 2015 and the Group's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended 30 June 2014, together with the notes thereon (the “Corresponding Financial Information”), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

I Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi ("RMB"), unless otherwise stated)

	Note	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
					Unaudited	
Revenue						
Fee and commission income	7	2,975,552,227	2,994,170,104	4,151,886,773	1,391,372,491	3,118,850,559
Interest income	8	261,895,747	325,294,518	449,808,145	196,185,683	419,114,201
Investment income	9	814,411,469	707,340,348	1,526,769,247	757,322,027	1,313,699,163
Total revenue		4,051,859,443	4,026,804,970	6,128,464,165	2,344,880,201	4,851,663,923
Other income	10	47,214,068	38,037,467	27,327,179	14,110,609	29,374,738
Total revenue and other income		4,099,073,511	4,064,842,437	6,155,791,344	2,358,990,810	4,881,038,661
Fee and commission expenses	11	149,992,558	168,305,110	227,772,376	60,498,726	147,973,874
Interest expenses	12	514,699,337	644,380,988	742,081,785	350,286,203	510,111,806
Staff costs	13	1,783,434,229	1,684,398,553	2,555,522,127	943,358,043	2,108,939,729
Depreciation and amortization expenses	16	148,834,275	110,330,343	59,910,934	34,471,319	23,546,818
Business tax and surcharges		179,057,999	176,282,298	247,998,331	89,421,914	196,711,945
Other operating expenses	17	907,982,501	802,988,635	852,802,787	361,257,490	425,559,780
Provision/(reversal) for impairment losses	18	—	25,522,039	31,619,896	35,309,696	(8,072,634)
Total expenses		3,684,000,899	3,612,207,966	4,717,708,236	1,874,603,391	3,404,771,318
Operating profit		415,072,612	452,634,471	1,438,083,108	484,387,419	1,476,267,343
Share of profits of associates and joint ventures		42,207,091	48,892,421	67,773,612	11,785,831	36,159,406
Profit before income tax		457,279,703	501,526,892	1,505,856,720	496,173,250	1,512,426,749
Less: Income tax expense	19	149,535,133	131,416,671	387,403,405	128,988,015	376,281,214
Profit for the year/period		307,744,570	370,110,221	1,118,453,315	367,185,235	1,136,145,535
Attributable to:						
Equity holders/shareholders of the Company	20	307,743,236	370,110,221	1,118,453,315	367,185,235	1,136,145,535
Non-controlling interests		1,334	—	—	—	—
Basic and diluted earnings per share (in RMB per share)	21	0.18	0.22	0.67	0.22	0.68
Profit for the year/period		307,744,570	370,110,221	1,118,453,315	367,185,235	1,136,145,535

APPENDIX I
ACCOUNTANTS' REPORT

Note	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Other comprehensive income for the year/period					
Items that may be reclassified to profit or loss in subsequent periods:					
Available-for-sale financial assets:					
- Changes in fair value	33,545,609	33,942,435	33,084,000	5,412,261	59,454,799
- Income tax effect	(17,222)	(3,827,260)	(4,043,748)	(516,270)	726,320
- Reclassified to profit or loss as investment income	(1,644,031)	(48,207,507)	(19,906,591)	(4,573,757)	(27,531,341)
- Reclassified to profit or loss as impairment losses.....	—	18,743,250	—	—	—
Interest in associates and joint ventures:					
- Share of other comprehensive income.....	192,938	(192,938)	—	—	—
- Income tax effect	(48,234)	48,234	—	—	—
Exchange differences on translation of financial statements of overseas subsidiaries.....	3,910,808	(50,643,242)	(2,156,843)	17,551,775	(1,897,976)
Total other comprehensive income for the year/period, net of tax.....	<u>35,939,868</u>	<u>(50,137,028)</u>	<u>6,976,818</u>	<u>17,874,009</u>	<u>30,751,802</u>
Total comprehensive income for the year/period	<u>343,684,438</u>	<u>319,973,193</u>	<u>1,125,430,133</u>	<u>385,059,244</u>	<u>1,166,897,337</u>
Attributable to:					
Equity holders/shareholders of the Company	343,683,104	319,973,193	1,125,430,133	385,059,244	1,166,897,337
Non-controlling interests.....	1,334	—	—	—	—

II Consolidated statements of financial position

(Expressed in RMB, unless otherwise stated)

	Note	As at 31 December			As at
		2012	2013	2014	30 June
					2015
Non-current assets					
Property and equipment.....	22	221,543,133	136,284,239	135,188,965	133,399,860
Intangible assets.....	23	8,190,375	4,862,615	2,640,794	1,944,050
Interest in associates and joint ventures	24	312,363,113	397,469,568	565,433,784	631,714,030
Available-for-sale financial assets.....	25	389,493,987	316,995,266	388,451,021	487,617,722
Refundable deposits	26	198,541,761	220,167,931	325,017,473	533,286,830
Deferred tax assets.....	27	726,810,037	636,110,982	484,277,325	374,397,024
Other non-current assets.....	28	77,278,142	58,791,927	58,058,293	56,779,818
Total non-current assets.....		1,934,220,548	1,770,682,528	1,959,067,655	2,219,139,334
Current assets					
Accounts receivable	29	1,996,940,373	3,443,547,911	8,335,721,064	9,193,251,198
Receivable from margin clients	30	543,712,079	2,097,538,132	3,458,003,477	7,200,704,998
Available-for-sale financial assets.....	25	151,119,347	31,024,768	45,510,660	28,814,841
Financial assets at fair value through profit or loss	31	11,924,766,540	12,951,713,306	21,653,725,243	30,817,411,941
Derivative financial assets.....	32	368,934,558	1,358,045,188	732,808,142	1,232,746,143
Financial assets held under resale agreements (“reverse REPOs”)	33	438,584,094	2,499,012,448	1,621,848,431	1,385,913,775
Interest receivable	34	242,675,492	307,251,876	341,953,007	347,613,940
Cash held on behalf of brokerage clients	35	6,931,387,242	5,235,512,213	11,084,580,427	36,319,109,634
Cash and bank balances.....	36	4,034,348,021	3,096,097,749	3,418,342,380	6,149,278,708
Other current assets.....		33,886,678	44,114,183	48,552,559	92,916,282
Total current assets.....		26,666,354,424	31,063,857,774	50,741,045,390	92,767,761,460
Total assets		28,600,574,972	32,834,540,302	52,700,113,045	94,986,900,794

APPENDIX I
ACCOUNTANTS' REPORT

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Current liabilities					
Financial liabilities at fair value					
through profit or loss	38	242,263,857	788,289,598	7,525,929,706	9,797,031,481
Derivative financial liabilities	32	363,710,102	1,337,871,777	737,805,695	1,254,930,032
Accounts payable to brokerage clients	39	7,816,545,396	5,706,189,668	15,054,264,345	42,804,897,095
Placements from financial institutions	40	380,000,000	526,325,600	1,529,569,000	2,278,193,000
Short-term debt securities issued	41	—	1,000,000,000	900,000,000	3,070,000,000
Financial assets sold under repurchase agreements (“REPOs”) ..	42	6,622,570,819	7,275,820,875	8,350,463,005	9,899,822,492
Employee benefits payable		2,160,515,198	2,059,701,979	2,142,051,626	2,124,263,496
Income tax payable		11,502,783	27,953,291	118,988,286	287,462,144
Long-term debt securities issued due within one year	43	2,298,446,266	—	—	—
Other current liabilities	44	858,249,817	2,997,202,129	4,028,052,712	6,981,571,698
Total current liabilities		20,753,804,238	21,719,354,917	40,387,124,375	78,498,171,438
Net current assets		5,912,550,186	9,344,502,857	10,353,921,015	14,269,590,022
Total assets less current liabilities		7,846,770,734	11,115,185,385	12,312,988,670	16,488,729,356
Non-current liabilities					
Non-current employee benefits payable					
		255,642,310	218,231,012	269,154,233	267,204,692
Long-term debt securities issued	43	1,037,107,500	4,005,988,500	4,009,635,000	6,008,744,000
Deferred tax liabilities	27	3,868,753	11,621,427	28,913,466	42,985,458
Other non-current liabilities	45	3,309,781	12,528,863	13,040,255	13,293,527
Total non-current liabilities		1,299,928,344	4,248,369,802	4,320,742,954	6,332,227,677
Net assets		6,546,842,390	6,866,815,583	7,992,245,716	10,156,501,679
Equity					
Paid-in capital/share capital	56 (b)	1,667,473,000	1,667,473,000	1,667,473,000	1,667,473,000
Other equity instruments	46	—	—	—	1,000,000,000
Reserves	47	1,013,886,886	1,028,358,389	1,218,716,529	3,791,879,843
Retained profits		3,865,482,504	4,170,984,194	5,106,056,187	3,697,148,836
Total equity attributable to equity holders/shareholders of the Company		6,546,842,390	6,866,815,583	7,992,245,716	10,156,501,679
Total equity		6,546,842,390	6,866,815,583	7,992,245,716	10,156,501,679

III Consolidated statements of changes in equity
(Expressed in RMB, unless otherwise stated)

	Attributable to equity holders/shareholders of the Company							Total equity	
	Reserves								
	Paid-in capital/share capital (Note 56 (b))	Capital reserve (Note 47)	Surplus reserve (Note 47)	General reserve (Note 47)	Investment revaluation reserve (Note 47)	Foreign currency translation reserve (Note 47)	Retained profits		Non-controlling interests
At 1 January 2012.....	1,037,023,000	26,474,648	362,820,458	921,061,997	(17,438,784)	(398,849,735)	4,272,067,702	433,600	6,203,592,886
Profit for the year.....	—	—	—	—	—	—	307,743,236	1,334	307,744,570
Other comprehensive income for the year.....	—	—	—	—	32,029,060	3,910,808	—	—	35,939,868
Total comprehensive income for the year.....	—	—	—	—	32,029,060	3,910,808	307,743,236	1,334	343,684,438
Appropriation to surplus reserve.....	—	—	27,959,478	—	—	—	(27,959,478)	—	—
Appropriation to general reserve.....	—	—	—	55,918,956	—	—	(55,918,956)	—	—
Distribution to non-controlling interests....	—	—	—	—	—	—	—	(434,934)	(434,934)
Capitalisation issue (Note 56 (b)).....	630,450,000	—	—	—	—	—	(630,450,000)	—	—
At 31 December 2012.....	1,667,473,000	26,474,648	390,779,936	976,980,953	14,590,276	(394,938,927)	3,865,482,504	—	6,546,842,390

Attributable to equity holders/shareholders of the Company										
Reserves										
	Paid-in capital/share capital	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Note 56 (b))	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 47)			
At 1 January 2013.....	1,667,473,000	26,474,648	390,779,936	976,980,953	14,590,276	(394,938,927)	3,865,482,504	6,546,842,390	—	6,546,842,390
Profit for the year.....	—	—	—	—	—	—	370,110,221	370,110,221	—	370,110,221
Other comprehensive income for the year.....	—	—	—	—	506,214	(50,643,242)	—	(50,137,028)	—	(50,137,028)
Total comprehensive income for the year.....	—	—	—	—	506,214	(50,643,242)	370,110,221	319,973,193	—	319,973,193
Appropriation to surplus reserve.....	—	—	21,536,177	—	—	—	(21,536,177)	—	—	—
Appropriation to general reserve.....	—	—	—	43,072,354	—	—	(43,072,354)	—	—	—
At 31 December 2013.....	1,667,473,000	26,474,648	412,316,113	1,020,053,307	15,096,490	(445,582,169)	4,170,984,194	6,866,815,583	—	6,866,815,583

Attributable to equity holders/shareholders of the Company										
Reserves										
	Paid-in capital/share capital	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Note 56 (b))	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 47)			
At 1 January 2014.....	1,667,473,000	26,474,648	412,316,113	1,020,053,307	15,096,490	(445,582,169)	4,170,984,194	6,866,815,583	—	6,866,815,583
Profit for the year	—	—	—	—	—	—	1,118,453,315	1,118,453,315	—	1,118,453,315
Other comprehensive income for the year	—	—	—	—	9,133,661	(2,156,843)	—	6,976,818	—	6,976,818
Total comprehensive income for the year	—	—	—	—	9,133,661	(2,156,843)	1,118,453,315	1,125,430,133	—	1,125,430,133
Appropriation to surplus reserve	—	—	61,084,314	—	—	—	(61,084,314)	—	—	—
Appropriation to general reserve	—	—	—	122,297,008	—	—	(122,297,008)	—	—	—
At 31 December 2014	1,667,473,000	26,474,648	473,400,427	1,142,350,315	24,230,151	(447,739,012)	5,106,056,187	7,992,245,716	—	7,992,245,716

Attributable to equity holders/shareholders of the Company

	Reserves							Total	Non-controlling interests	Total equity
	Paid-in capital/share capital	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits			
At 1 January 2014.....	(Note 56 (b)) 1,667,473,000	(Note 47) 26,474,648	(Note 47) 412,316,113	(Note 47) 1,020,053,307	(Note 47) 15,096,490	(Note 47) (445,582,169)	(Note 47) 4,170,984,194	6,866,815,583	—	6,866,815,583
Profit for the period.....	—	—	—	—	—	—	367,185,235	367,185,235	—	367,185,235
Other comprehensive income for the period.....	—	—	—	—	322,234	17,551,775	—	17,874,009	—	17,874,009
Total comprehensive income for the period.....	—	—	—	—	322,234	17,551,775	367,185,235	385,059,244	—	385,059,244
Appropriation to surplus reserve.....	—	—	—	—	—	—	—	—	—	—
Appropriation to general reserve.....	—	—	—	—	—	—	—	—	—	—
At 30 June 2014 (Unaudited) .	1,667,473,000	26,474,648	412,316,113	1,020,053,307	15,418,724	(428,030,394)	4,538,169,429	7,251,874,827	—	7,251,874,827

Attributable to equity holders/shareholders of the Company

	Reserves								Total	Non-controlling interests	Total equity
	Paid-in capital/share capital (Note 56 (b))	Other equity instruments (Note 46)	Capital reserve (Note 47)	Surplus reserve (Note 47)	General reserve (Note 47)	Investment revaluation reserve (Note 47)	Foreign currency translation reserve (Note 47)	Retained profits			
At 1 January 2015	1,667,473,000	—	26,474,648	473,400,427	1,142,350,315	24,230,151	(447,739,012)	5,106,056,187	7,992,245,716	—	7,992,245,716
Profit for the period.....	—	—	—	—	—	—	—	1,136,145,535	1,136,145,535	—	1,136,145,535
Other comprehensive income for the period	—	—	—	—	—	32,649,778	(1,897,976)	—	30,751,802	—	30,751,802
Total comprehensive income for the period	—	—	—	—	—	32,649,778	(1,897,976)	1,136,145,535	1,166,897,337	—	1,166,897,337
Appropriation to general reserve	—	—	—	—	373,046	—	—	(373,046)	—	—	—
Issuance of perpetual subordinated bonds	—	1,000,000,000	—	—	—	—	—	—	1,000,000,000	—	1,000,000,000
Conversion to joint stock company with limited liability	—	—	3,020,721,641	(473,400,427)	—	(2,641,374)	—	(2,544,679,840)	—	—	—
Others	—	—	(2,641,374)	—	—	—	—	—	(2,641,374)	—	(2,641,374)
At 30 June 2015	1,667,473,000	1,000,000,000	3,044,554,915	—	1,142,723,361	54,238,555	(449,636,988)	3,697,148,836	10,156,501,679	—	10,156,501,679

IV Consolidated statements of cash flows

(Expressed in RMB, unless otherwise stated)

Note	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Cash flows from operating activities:					
Profit before income tax.....	457,279,703	501,526,892	1,505,856,720	496,173,250	1,512,426,749
Adjustments for:					
Interest expense on debt securities issued and other financing expenses	232,472,223	262,223,177	318,406,982	159,576,761	188,108,067
Depreciation and amortization expenses	148,834,275	110,330,343	59,910,934	34,471,319	23,546,818
Provision/(reversal) for impairment losses.....	—	25,522,039	31,619,896	35,309,696	(8,072,634)
Net (gain)/loss on disposal of property, equipment and other assets.....	(409,441)	7,111,152	1,060,481	2,098,871	2,917,821
Fair value (gain)/loss on financial instruments at fair value through profit or loss.....	(71,532,654)	114,925,960	(601,425,587)	(321,052,140)	(190,506,924)
Foreign exchange (gain)/loss	(312,964)	2,547,692	(1,692,030)	(4,109,988)	120,875
Net gain on disposal of available-for-sale financial assets..	(3,387,003)	(47,726,464)	(11,724,454)	(7,021,361)	(2,924,093)
Dividend income and interest income from available-for-sale financial assets, and share of profit of associates and joint ventures.....	(42,207,091)	(50,079,212)	(67,773,612)	(11,785,831)	(49,035,609)
Operating cash flows before movements in working capital	720,737,048	926,381,579	1,234,239,330	383,660,577	1,476,581,070
(Increase)/decrease in receivable from margin clients.....	(304,763,123)	(1,553,826,053)	(1,360,465,345)	117,473,642	(3,742,701,521)
Decrease/(increase) in accounts receivables, other receivables and prepayments	2,022,538,907	(1,477,867,230)	(4,908,219,515)	(1,494,298,345)	(812,502,304)
(Increase)/decrease in reverse REPOs	(349,642,148)	(1,866,728,354)	688,464,017	1,145,563,970	230,934,657
Decrease/(increase) in financial instruments at fair value through profit or loss	2,876,990,469	(167,601,880)	(1,202,992,477)	(3,501,690,374)	(7,476,011,829)
(Increase)/decrease in available-for-sale financial assets	(10,477,989)	1,710,291	(6,996,207)	6,950,572	16,253,848
Decrease/(increase) in cash held on behalf of brokerage clients	4,075,366,131	1,695,875,029	(5,849,068,214)	(1,308,307,616)	(25,234,529,207)
Decrease/(increase) in restricted bank deposits	71,770,087	(92,737,593)	56,777,738	68,712,086	(17,576,034)
Decrease/(increase) in refundable deposits	29,377,243	(21,626,170)	(104,816,964)	(29,150,221)	(208,199,413)
(Decrease)/increase in accounts payables to brokerage clients	(3,517,400,245)	(2,110,355,728)	9,348,074,677	1,722,677,545	27,750,632,750
(Decrease)/increase in REPOs	(1,569,360,681)	653,250,056	1,074,642,130	903,598,247	1,549,359,487
(Decrease)/increase in other liabilities ...	(3,073,136,700)	1,499,402,825	2,202,980,356	1,551,373,271	4,410,494,094
Cash generated from/(used in) operating activities, before tax	971,998,999	(2,514,123,228)	1,172,619,526	(433,436,646)	(2,057,264,402)
Income taxes paid	(15,720,939)	(25,338,275)	(130,503,097)	(27,149,354)	(207,184,883)
Net cash generated from/(used in) operating activities	956,278,060	(2,539,461,503)	1,042,116,429	(460,586,000)	(2,264,449,285)

APPENDIX I
ACCOUNTANTS' REPORT

	Note	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
Unaudited						
Cash flows from investing activities:						
Proceeds from sale of investments.....		55,732,789	172,982,083	82,193,800	82,193,800	—
Interest received.....		—	—	815,989	229,063	—
Dividends received.....		3,387,002	30,776,241	15,588,134	7,612,120	15,705,259
Proceeds from/(payment for) disposal of property and equipment.....		2,626,310	366,062	2,893,768	(11,496)	331,740
Payment for acquisition of investments ..		(209,153,950)	(69,150,927)	(277,352,418)	(166,342,037)	(111,468,450)
Decrease due to cease of control over a subsidiary.....		—	—	(54,143)	(54,143)	—
Payment for the purchase of property, equipment and other long-term assets.....		(54,159,804)	(16,923,098)	(62,885,795)	(24,515,135)	(21,877,139)
Net cash (used in)/generated from investing activities.....		<u>(201,567,653)</u>	<u>118,050,361</u>	<u>(238,800,665)</u>	<u>(100,887,828)</u>	<u>(117,308,590)</u>
Cash flows from financing activities:						
Proceeds from short-term commercial papers issued.....		—	3,000,000,000	6,300,000,000	3,000,000,000	3,300,000,000
Cash received from subordinated bonds issued.....		—	3,000,000,000	—	—	2,000,000,000
Cash received from other equity instruments issued.....		—	—	—	—	1,000,000,000
Cash received from beneficiary certificates issued.....		—	—	100,000,000	—	1,570,000,000
Cash received from other financing activities.....		—	10,200,000	—	—	—
Repayments of debt securities issued.....		(1,000,000,000)	(4,300,000,000)	(6,500,000,000)	(2,000,000,000)	(2,700,000,000)
Cash paid for interest.....		(260,360,710)	(231,480,602)	(324,109,163)	(59,976,321)	(68,405,115)
Cash paid relating to other financing activities.....		(797,968)	(3,986,187)	(3,365,919)	(1,071,295)	(3,567,791)
Net cash (used in)/generated from financing activities.....		<u>(1,261,158,678)</u>	<u>1,474,733,211</u>	<u>(427,475,082)</u>	<u>938,952,384</u>	<u>5,098,027,094</u>
Net (decrease)/increase in cash and cash equivalents.....		(506,448,271)	(946,677,931)	375,840,682	377,478,556	2,716,269,219
Cash and cash equivalents at the beginning of the year/period.....		4,508,513,559	4,003,748,062	2,972,760,197	2,972,760,197	3,351,782,566
Effect of changes in foreign exchange rate..		1,682,774	(84,309,934)	3,181,687	30,885,265	(2,908,925)
Cash and cash equivalents at the end of the year/period.....	37	<u>4,003,748,062</u>	<u>2,972,760,197</u>	<u>3,351,782,566</u>	<u>3,381,124,018</u>	<u>6,065,142,860</u>
Net cash generated from/(used in) operating activities including:						
Interest received.....		285,861,983	261,396,915	414,595,519	162,477,767	412,673,398
Interest paid.....		<u>(284,477,408)</u>	<u>(376,204,228)</u>	<u>(413,891,687)</u>	<u>(190,004,595)</u>	<u>(303,723,957)</u>

B FINANCIAL INFORMATION OF THE COMPANY**I Statements of financial position**

(Expressed in RMB, unless otherwise stated)

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Non-current assets					
Property and equipment.....		158,427,600	105,119,320	162,327,977	157,964,996
Intangible assets.....		7,784,950	4,469,500	30,740,440	23,205,246
Interest in subsidiaries	56(a)	602,442,000	602,442,000	2,907,875,402	2,957,875,402
Interest in associates and joint ventures	24	190,588,369	239,206,736	266,366,748	270,605,192
Refundable deposits	26	195,997,242	187,564,968	259,387,151	441,848,462
Deferred tax assets.....	27	557,952,643	475,627,638	397,404,964	308,746,938
Other non-current assets.....	28	57,055,442	39,940,416	40,142,750	38,890,164
Total non-current assets.....		<u>1,770,248,246</u>	<u>1,654,370,578</u>	<u>4,064,245,432</u>	<u>4,199,136,400</u>
Current assets					
Accounts receivable	29	599,986,953	2,044,143,742	2,314,285,696	2,208,355,493
Receivable from margin clients	30	412,790,034	1,567,564,206	3,080,736,883	6,453,481,627
Available-for-sale financial assets.....	25	18,406,931	9,778,796	20,816,763	1,323,067
Financial assets at fair value through profit or loss.....	31	10,758,200,706	10,932,874,149	11,583,236,465	15,743,354,574
Derivative financial assets.....	32	51,447,973	116,960,947	263,706,751	514,086,504
Financial assets held under resale agreements (“reverse REPOs”).....	33	282,803,000	2,166,387,681	1,447,295,261	758,055,400
Interest receivable.....	34	227,836,499	289,152,666	320,273,475	321,235,690
Cash held on behalf of brokerage clients.....	35	5,755,345,581	4,047,460,505	8,564,784,692	31,638,928,505
Cash and bank balances.....	36	2,082,353,697	1,207,097,396	1,740,060,482	4,063,711,260
Other current assets.....		<u>18,221,645</u>	<u>30,187,115</u>	<u>37,342,160</u>	<u>36,454,966</u>
Total current assets.....		<u>20,207,393,019</u>	<u>22,411,607,203</u>	<u>29,372,538,628</u>	<u>61,738,987,086</u>
Total assets		<u>21,977,641,265</u>	<u>24,065,977,781</u>	<u>33,436,784,060</u>	<u>65,938,123,486</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Current liabilities					
Financial liabilities at fair value through profit or loss	38	—	97,330,795	67,063,351	—
Derivative financial liabilities	32	54,296,115	144,094,160	189,340,476	500,774,183
Accounts payable to brokerage clients	39	5,793,555,511	4,062,801,150	8,580,691,247	31,678,352,156
Placements from financial institutions	40	380,000,000	380,000,000	853,000,000	1,253,000,000
Short-term debt securities issued	41	—	1,000,000,000	900,000,000	3,070,000,000
Financial assets sold under repurchase agreements (“REPOs”)	42	6,488,035,756	7,263,858,757	8,151,854,724	9,323,324,033
Employee benefits payable		1,287,213,721	1,220,531,594	1,586,008,204	1,547,370,815
Income tax payable		—	—	46,334,718	183,432,779
Long-term debt securities issued due within one year	43	2,298,446,266	—	—	—
Other current liabilities	44	490,022,886	1,525,276,623	1,843,708,012	3,283,281,208
Total current liabilities		16,791,570,255	15,693,893,079	22,218,000,732	50,839,535,174
Net current assets		3,415,822,764	6,717,714,124	7,154,537,896	10,899,451,912
Total assets less current liabilities		5,186,071,010	8,372,084,702	11,218,783,328	15,098,588,312
Non-current liabilities					
Non-current employee benefits payable		209,253,456	179,988,460	117,917,615	120,249,448
Long-term debt securities issued	43	—	3,000,000,000	3,000,000,000	5,000,000,000
Total non-current liabilities		209,253,456	3,179,988,460	3,117,917,615	5,120,249,448
Net assets		4,976,817,554	5,192,096,242	8,100,865,713	9,978,338,864
Equity					
Paid-in capital/share capital	56(b)	1,667,473,000	1,667,473,000	1,667,473,000	1,667,473,000
Other equity instruments	46	—	—	—	1,000,000,000
Reserves	47	1,345,649,528	1,410,174,972	3,891,354,248	6,433,604,203
Retained profits		1,963,695,026	2,114,448,270	2,542,038,465	877,261,661
Total equity		4,976,817,554	5,192,096,242	8,100,865,713	9,978,338,864

C NOTES TO CONSOLIDATED FINANCIAL INFORMATION

(Expressed in RMB, unless otherwise stated)

1 GENERAL INFORMATION

The Company, China's first joint venture investment bank, was established on 31 July 1995 in the name of China International Capital Corporation Limited (中國國際金融有限公司) in the PRC as approved by the PBOC.

Pursuant to a conversion completed on 1 June 2015 as detailed in the section headed "Our History and Corporate Structure" in the Prospectus, the Company was converted into a joint stock company with limited liability.

The registered address of the Company is the 27th and 28th Floor, China World Trade Center 2, 1 Jian Guo Men Wai Avenue, Beijing.

The Group principally engaged in investment banking business, equity sales and trading business, principal investment and trading business, wealth management business, investment management business and other business activities approved by the China Securities Regulatory Commission (the "CSRC").

2 BASIS OF PREPARATION**(a) Statement of compliance**

These Financial Information set out in this report have been prepared in accordance with all applicable IFRSs and related interpretations, issued by the IASB. Further details of the significant accounting policies adopted are set out in Note 3 of Section C. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Financial Information, the Group has adopted all applicable new and revised IFRSs in issue which are effective for the accounting period ended 30 June 2015 and relevant to the Group for the Relevant Periods. The Group has not adopted any new standards or interpretations that are not yet effective for the accounting period ended 30 June 2015, except for its early adoption of Amendment to IAS 27 Separate Financial Statements. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 30 June 2015 are set out in Note 6 of Section C.

(b) Basis of measurement

The Financial Information has been prepared on the historical cost basis except that the following assets and liabilities are measured at their fair value: financial derivatives, non-derivative financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets. The methods used to measure fair value are discussed further in Note 3 (d)(ii).

(c) Functional and presentation currency

The Financial Information is presented in RMB, which is the functional currency of the Group. Each entity in the Group determines its own functional currency which is used to measure the items included in its financial statements. The Group translates the financial statements of subsidiaries from their respective functional currencies into the Group's functional currency if the subsidiaries' functional currencies are not the same as that of the Group.

(d) Use of estimates and judgements

The preparation of the Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 4 of Section C.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in the Financial Information.

(a) Basis of consolidation**(i) *Subsidiaries and non-controlling interests***

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

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized gains arising from intra-group transactions are eliminated in full when preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders/shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the Relevant Periods between non-controlling interests and the equity holders/shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(d)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 3(a) (ii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3 (i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates and joint ventures*

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

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

An investment in an associate or a joint venture is accounted for in the Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment

loss relating to the investment (see Note 3 (i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year are recognized in the Group's profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the Group's other comprehensive income.

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

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

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(d)).

In the Company's statement of financial position, investments in associates and joint ventures are accounted for under the equity method, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency

(i) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rates ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the exchange rates that approximate the spot exchange rate ruling at the transaction dates.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary assets and liabilities denominated in foreign currencies are translated to RMB at the spot exchange rates ruling at the end of each of the Relevant Periods. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowing used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to RMB using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to RMB using the foreign exchange rates ruling at the dates the fair value was measured. The exchange differences are recognized in profit or loss, except for the exchange differences arising from the translation of non-monetary available-for-sale financial assets which are recognized in other comprehensive income.

(ii) ***Foreign operations***

The results of foreign operations are translated to RMB at the exchange rates approximating the spot exchange rate ruling at the transaction dates. Statement of financial position items are translated to RMB at the closing foreign exchange rates at the end of each of the Relevant Periods. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

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

(c) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, demand deposits with bank and other institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(d) **Financial instruments**

(i) ***Recognition and measurement of financial assets and liabilities***

A financial asset or financial liability is recognized in the statements of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs.

Financial assets and financial liabilities are categorized as follows:

- (1) *Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)*

A financial asset or financial liability is classified at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, a financial instrument managed in a pattern of short-term profit taking, a derivative, or if it is designated at fair value through profit or loss.

Financial assets and financial liabilities are designated as at fair value through profit or loss upon initial recognition when:

- the financial assets or financial liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities;
- the financial assets or financial liabilities contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivatives from the financial instrument is prohibited.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, without any deduction for transaction costs that may occur on sale, and changes therein are recognized in profit or loss.

- (2) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses (see Note 3(d)(iii)).

(3) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than

- those that the Group, upon initial recognition, designated as at fair value through profit or loss or as available-for-sale; or
- those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortized cost using the effective interest method, less any impairment losses (see Note 3(d)(iii)). A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

(4) *Available-for-sale financial assets*

Available-for-sale financial assets include non-derivative financial assets that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when the Group becomes entitled to the dividend (see Note 3(p)). Impairment losses are recognized in profit or loss (see Note 3(d)(iii)).

Other fair value changes, other than impairment losses, are recognized in other comprehensive income and presented in the investment revaluation reserve within equity. When the investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

(5) *Other financial liabilities*

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

(ii) *Fair value measurement principles*

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

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 and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the Relevant Periods. Where other pricing models are used, inputs are based on market data at the end of the Relevant Periods.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(iii) *Impairment of financial assets*

The carrying amounts of financial assets other than those at fair value through profit or loss are reviewed by the Group at the end of the Relevant Periods to determine whether there is objective evidence of impairment. If any such evidence exists, impairment losses are provided. Objective evidence of impairment in the financial asset represents events that occur after the initial recognition of the financial assets and have impact on the estimated future cash flows of the asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes, but not limited to:

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

(1) *Loans and receivables*

The Group assesses impairment losses on a collective basis. Loans and receivables are grouped for similar aging characteristics for collective assessment. The objective evidence of impairment mainly includes that, though it is unable to identify the decrease of cash flow of each individual asset, after collective assessment based on observable data, there is an observable indication of a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets.

(2) *Held-to-maturity investments*

The impairment loss is calculated based on the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognized in profit or loss.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortized cost at the date of the reversal had the impairment not been recognized.

(3) *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the investment revaluation reserve in equity to profit or loss. The cumulative

loss that is reclassified from equity to profit or loss is the difference between the acquisition cost net of any principal repayment and amortization and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

For the available-for-sale equity investment, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost.

If, in a subsequent period, the fair value of an impaired available-for-sale debt investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognized in other comprehensive income.

For investments in equity instruments measured at cost, the amount of any impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognized in profit or loss. Any impairment loss in respect of available-for-sale equity investments carried at cost should not be reversed.

(iv) *Derecognition of financial assets and financial liabilities*

Financial assets (or a part of a financial asset or group of financial assets) are derecognized when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognize the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognized only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognized financial liability and the consideration paid is recognized in profit or loss.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(vi) *Equity instruments*

An equity instrument is a contract that proves the ownership interest of the residual assets after deducting all liabilities of the Group. Considerations received from issuance of equity instruments net of transaction costs are recognized in equity. Considerations and transaction costs paid by the Group for repurchasing its own equity instruments are deducted from equity.

(vii) *Derivative financial instruments*

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designed as hedging instrument are recognized in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative embedded in non-derivative host contracts are treated as separate derivative when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in profit or loss.

(e) **Financial assets held under resale agreements and financial assets sold under repurchase agreements**

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statement of financial position at amortized cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortized cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognized respectively as interest income and interest expense over the life of each agreement using the effective interest method.

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses (Note 3(i)). Property and equipment under construction is stated at cost less impairment losses (Note 3(i)).

The cost of a purchased property and equipment asset comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalized as the cost of construction in progress.

(ii) Subsequent costs

The subsequent costs including the cost of replacing part of an item of property or equipment are recognized in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of property and equipment. Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns, each part is depreciated separately. The estimated useful lives and the rate of net residual values of each class of property and equipment are as follows:

	<u>Estimated useful life</u>	<u>Estimated rate of residual value</u>
Office equipment	3 years	10%
Furniture and fixtures	3 years	10%
Motor vehicles	3 years	10%
Leasehold improvements	Lease term	—

No depreciation is provided in respect of property and equipment under construction.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) *Gains or losses from the retirement or disposal*

Gains or losses arising from the retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss on the date of disposal or retirement.

(g) **Leased assets**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Assets acquired under finance lease*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property and equipment and the corresponding liabilities, net of finance charges, are recorded as long-term finance leases payable. Depreciation is provided at rates which write off the cost over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 3(f). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 3(i). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(ii) *Operating lease charges*

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

(h) **Intangible assets**

Intangible assets are stated in the statement of financial position at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (Note 3(i)).

Amortization of an intangible asset with finite useful life is charged to profit or loss on a straight-line basis over its estimated useful life. Both the period and method of amortization are reviewed annually.

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

(i) **Impairment of non-financial assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- intangible assets;
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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

- ***Calculation of recoverable amount***

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

- ***Recognition of impairment losses***

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

- *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(j) **Provisions and contingent liabilities**

A provision is recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(k) **Employee benefits**

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations in the PRC, the Group participated in the social pension schemes for employees arranged by local government labor and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amount stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labor and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

(ii) *Other long-term employee benefits*

The Group had an employee incentive plan for certain eligible senior staff which was ceased in 2014. The employee benefits payable in relation to this employee incentive plan was recognized as liabilities through profit or loss in the Relevant Periods in which the associated services were rendered.

(iii) *Termination benefits*

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(l) **Offsetting**

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(m) **Revenue recognition**

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

(i) *Underwriting, sponsoring fees, financial advisory fees and investment advisory fees*

Underwriting, sponsoring fees, financial advisory fees and investment advisory fees are recognized in profit or loss when the corresponding service is provided.

(ii) *Asset management fees*

Asset management fees are recognized when the Company is entitled to receive the fees according to the asset management agreement.

(iii) *Brokerage commission income*

Brokerage commission income includes commission income from brokerage trading of securities and leasing out trading seats. Commission income from brokerage trading of securities is recognized on the trade date. Commission income from leasing out trading seats is recognized on an accrual basis.

(iv) *Dividend income*

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(v) *Interest income*

Interest income is recognized in profit or loss by using the effective interest method.

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

(n) **Expenses recognition**

(i) *Interest expenses*

Interest expenses are accrued on a time proportion basis with reference to the amortized cost and the applicable effective interest rate.

(ii) *Fee and commission expenses*

Fee and commission expenses are charged to profit or loss on an accrual basis.

(iii) *Other expenses*

Other expenses are recognized on an accrual basis.

(o) **Income tax**

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorized and declared after the end of each of the Relevant Periods are not recognized as a liability at the end of each of the Relevant Periods but disclosed separately in the notes to the Financial Information.

(q) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(r) Related parties

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

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

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

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (3) Both entities are joint ventures of the same third party;

- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (6) The entity is controlled or jointly controlled by a person identified in (i);
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various business lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of clients, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(t) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are not included in the consolidated statements of financial position as the risks and rewards of the assets reside with customers.

4 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Fair value of financial instruments

As indicated in Note 3(d)(i), financial instruments at fair value through profit or loss and available-for-sale investments are measured at fair value at the end of the reporting period and it is usually possible to determine their fair values within a reasonable range of estimates.

For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3 (d)(ii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "held for trading", the Group has determined that it meets the definition of financial assets and liabilities held for trading set out in Note 3 (d)(i).
- In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in Note 3 (d)(i).
- In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intent and ability to hold the assets until their maturity date as required by accounting policy set out in Note 3 (d)(i). In evaluating whether requirements to classify a financial asset as held-to-maturity are met, management makes significant judgements. Failure in correctly assessing the Group's intent and ability to hold specific investments until maturity may result in reclassification of the whole portfolio as available-for-sale.

(c) Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as in the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the investee. The Group considers a decline to be significant if the fair value of the investment drops below its initial cost by 20% or more and to be prolonged if the fair value of the investment remains below its cost for one year or longer.

(d) Impairment of receivables

Receivables that are measured at amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor and other factors. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognized in prior years is reversed.

(e) Impairment of non-financial assets

Non-financial assets are reviewed at the end of each reporting period to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset (or a group of assets) is the greater of its fair value less costs of disposal and value in use. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

(f) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all tax legislations. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(g) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' 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.

For asset management schemes where the Group involves as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes that is of such significance indicating that the Group is a principal. The asset management scheme shall be consolidated if the Group acts in the role of principal.

5 TAXATION**(a) Business tax, urban maintenance and construction tax and education surcharge**

The type of tax derived from services provided applicable to the Company and its domestic subsidiaries is business tax. The business tax rate applicable to the Company and its domestic subsidiaries is 5%. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of business tax respectively.

(b) Income tax

The income tax rate applicable to the Company and its domestic subsidiaries is 25%.

The income tax rate applicable to the subsidiaries in Hong Kong is 16.5%. Taxes of other overseas subsidiaries are charged at the relevant local rates.

6 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 9, Financial instruments	January 1, 2018
IFRS 15, Revenue from contracts with customers.....	January 1, 2018

IFRS 9, Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 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.

Key requirements of IFRS 9 that are relevant to the Group are:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized 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 amortized 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 IFRS 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 recognized in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 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 recognized. The measurement of the loss allowance generally depends on whether there has been a significant increase in credit risk since initial recognition of the instrument. IFRS 9 requires an entity to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition — whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking.

The Group is in the process of assessing the potential impact on the Financial Information resulting from the application of IFRS 9. So far it has concluded that the adoption of IFRS 9 may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in IAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. IFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. Until a detailed review of the impact of adopting IFRS 9 is performed, the Group cannot provide a reasonable estimate that quantifies the impact on its financial statements nor can it yet conclude whether that impact will be significant or not.

IFRS 15, Revenue from contracts with customers

The core principle of IFRS 15 is that an entity recognizes 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.

The Group is in the process of assessing the potential impact on the Financial Information resulting from the application of IFRS 15. So far it has concluded that the adoption of IFRS 15 is unlikely to have a significant impact on the Group's results of operations and financial position.

There are no other new standards and amendments that are not yet effective that would be expected to have a material impact on the Group.

7 FEE AND COMMISSION INCOME

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage commission income.....	1,112,261,228	1,287,889,214	1,408,903,412	534,071,227	1,514,557,834
Underwriting and sponsoring fees.....	1,058,840,657	817,034,069	1,753,050,090	525,051,833	968,811,344
Financial advisory fees .	382,304,354	351,846,543	208,532,694	47,707,193	194,355,238
Investment advisory fees	120,009,316	161,295,680	258,182,062	99,950,112	79,821,609
Asset management fees .	302,136,672	376,104,598	523,218,515	184,592,126	361,304,534
Total	<u>2,975,552,227</u>	<u>2,994,170,104</u>	<u>4,151,886,773</u>	<u>1,391,372,491</u>	<u>3,118,850,559</u>

8 INTEREST INCOME

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Interest income from financial institutions ..	211,587,375	176,746,824	181,484,236	74,384,017	158,367,023
Interest income from margin financing and securities lending.....	35,958,537	89,478,709	181,105,836	80,176,200	220,838,330
Interest income from reverse REPOs.....	14,300,574	58,992,935	86,302,720	41,345,479	39,815,028
Others.....	49,261	76,050	915,353	279,987	93,820
Total interest income on financial assets not at fair value through profit or loss	<u>261,895,747</u>	<u>325,294,518</u>	<u>449,808,145</u>	<u>196,185,683</u>	<u>419,114,201</u>

9 INVESTMENT INCOME

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Net gains from disposal of available-for-sale financial assets.....	1,644,031	47,020,716	19,906,591	4,573,757	14,655,138
Dividend income and interest income from available-for-sale financial assets.....	—	1,186,791	—	—	12,876,203
Net gains from financial instruments at fair value through profit or loss	731,002,492	465,651,211	1,537,099,716	539,179,003	3,486,598,687
Net gains/(losses) from derivative financial instruments.....	81,764,946	193,481,630	(30,237,060)	213,569,267	(2,200,430,865)
Total.....	<u>814,411,469</u>	<u>707,340,348</u>	<u>1,526,769,247</u>	<u>757,322,027</u>	<u>1,313,699,163</u>

10 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Tax refunds	26,144,451	15,410,524	7,053,510	1,146,629	1,508,143
Government grants.....	17,837,475	19,699,164	14,186,628	10,815,980	24,368,714
Others	3,232,142	2,927,779	6,087,041	2,148,000	3,497,881
Total.....	<u>47,214,068</u>	<u>38,037,467</u>	<u>27,327,179</u>	<u>14,110,609</u>	<u>29,374,738</u>

The government grants were received with no condition attached by the Company and its subsidiaries from the local government where they reside.

11 FEE AND COMMISSION EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage expenses ...	71,825,225	78,064,318	104,800,872	40,593,678	129,647,743
Underwriting and sponsoring expenses.....	76,541,890	90,240,792	68,824,565	19,904,977	18,326,131
Other fee and commission expenses.....	1,625,443	—	54,146,939	71	—
Total.....	<u>149,992,558</u>	<u>168,305,110</u>	<u>227,772,376</u>	<u>60,498,726</u>	<u>147,973,874</u>

12 INTEREST EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Interest expenses of accounts payable to brokerage clients	67,648,727	42,108,769	42,984,632	19,778,152	49,368,635
Interest expenses on REPOs	166,829,268	271,726,404	294,145,990	135,191,552	201,423,993
Interest expenses on placements from financial institutions	47,499,491	67,249,194	78,956,656	32,472,374	66,497,122
Interest expenses on short-term debt securities issued	—	30,292,150	74,552,995	38,261,034	39,795,189
Interest expenses on notes payable	66,203,740	65,181,307	64,630,250	32,284,515	32,245,069
Interest expenses on subordinated bonds.	166,268,483	166,749,720	180,000,000	89,260,274	98,753,425
Interest expenses on beneficiary certificates	—	—	39,726	—	15,185,315
Others	249,628	1,073,444	6,771,536	3,038,302	6,843,058
Total interest expense on financial liabilities not at fair value through profit or loss	<u>514,699,337</u>	<u>644,380,988</u>	<u>742,081,785</u>	<u>350,286,203</u>	<u>510,111,806</u>

13 STAFF COSTS

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Salaries, bonus and allowance	1,619,199,993	1,528,951,695	2,398,637,658	867,630,636	2,020,369,839
Retirement scheme contributions	62,575,118	57,160,608	58,465,905	25,433,252	33,348,450
Other social welfare ..	58,546,235	56,443,508	58,669,859	27,467,507	31,581,297
Other benefits.....	43,112,883	41,842,742	39,748,705	22,826,648	23,640,143
Total.....	<u>1,783,434,229</u>	<u>1,684,398,553</u>	<u>2,555,522,127</u>	<u>943,358,043</u>	<u>2,108,939,729</u>

The Group is required to participate in pension schemes in the PRC, Hong Kong and other jurisdictions whereby the Group is required to pay annual contributions for its employees at certain rate of the wages of employees. The Group has no other material obligations for payment of retirement benefits to its employees beyond the annual contributions described above.

14 DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration is as follows:

Name	Year ended 31 December 2012				
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total remuneration
Li Jiange (Note 2).....	—	1,990,089	1,139,299	—	3,129,388
Jin Liqun (Note 3)	—	—	—	—	—
Zhao Haiying (Note 7)	—	—	—	—	—
Teh Kok Peng	117,897	—	—	—	117,897
David Bonderman.....	117,897	—	—	—	117,897
Henry Kravis.....	117,897	—	—	—	117,897
Johnson Cha	117,897	—	—	—	117,897
Liu Xinlai (Note 4)	<u>117,897</u>	—	—	—	<u>117,897</u>
Total	<u>589,485</u>	<u>1,990,089</u>	<u>1,139,299</u>	<u>—</u>	<u>3,718,873</u>

Year ended 31 December 2013

Name	Fees	Salaries,	Discretionary	Retirement	Total
		allowances and benefits in kind	bonuses	scheme contributions	
Li Jiange (Note 2).....	—	756,108	—	—	756,108
Jin Liqun (Note 3)	—	1,185,280	2,406,624	—	3,591,904
Zhao Haiying (Note 7)	—	—	—	—	—
Teh Kok Peng	114,807	—	—	—	114,807
David Bonderman.....	114,807	—	—	—	114,807
Henry Kravis.....	114,807	—	—	—	114,807
Johnson Cha.....	114,807	—	—	—	114,807
Liu Xinlai (Note 4)	114,807	—	—	—	114,807
Total	<u>574,035</u>	<u>1,941,388</u>	<u>2,406,624</u>	<u>—</u>	<u>4,922,047</u>

Year ended 31 December 2014

Name	Fees	Salaries,	Discretionary	Retirement	Total
		allowances and benefits in kind	bonuses	scheme contributions	
Jin Liqun (Note 3)	—	1,436,860	—	—	1,436,860
Ding Xuedong (Note 5)....	—	—	—	—	—
Zhao Haiying (Note 7)	—	—	—	—	—
Teh Kok Peng	115,095	—	—	—	115,095
David Bonderman.....	115,095	—	—	—	115,095
Henry Kravis.....	115,095	—	—	—	115,095
Johnson Cha.....	115,095	—	—	—	115,095
Shi Jun (Note 6).....	89,817	—	—	—	89,817
Liu Xinlai (Note 4)	25,278	—	—	—	25,278
Total	<u>575,475</u>	<u>1,436,860</u>	<u>—</u>	<u>—</u>	<u>2,012,335</u>

Six months ended 30 June 2014 (Unaudited)

Name	Fees	Salaries,	Discretionary	Retirement	Total
		allowances and benefits in kind	bonuses	scheme contributions	
Jin Liqun (Note 3)	—	901,749	—	—	901,749
Zhao Haiying (Note 7)	—	—	—	—	—
Teh Kok Peng	50,556	—	—	—	50,556
David Bonderman	50,556	—	—	—	50,556
Henry Kravis	50,556	—	—	—	50,556
Johnson Cha	50,556	—	—	—	50,556
Shi Jun (Note 6).....	25,379	—	—	—	25,379
Liu Xinlai (Note 4)	25,355	—	—	—	25,355
Total	<u>252,958</u>	<u>901,749</u>	<u>—</u>	<u>—</u>	<u>1,154,707</u>

Six months ended 30 June 2015

Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total remuneration
Executive Director					
Bi Mingjian (Note 8)	—	226,858	—	6,070	232,928
Non-executive Director					
Ding Xuedong (Note 5&7)	—	—	—	—	—
Zhao Haiying (Note 7) ..	—	—	—	—	—
David Bonderman	37,730	—	—	—	37,730
Liu Haifeng David (Note 9).....	—	—	—	—	—
Shi Jun (Note 6)	37,730	—	—	—	37,730
Johnson Cha	37,730	—	—	—	37,730
Teh Kok Peng (Note 10).....	96,182	—	—	—	96,182
Henry Kravis (Note 11).	25,278	—	—	—	25,278
Independent					
Non-executive Director					
Edwin Roca Lim (Note 12).....	63,045	—	—	—	63,045
Cao Tong (Note 12)	63,045	—	—	—	63,045
Siu Wai Keung (Note 12).....	63,045	—	—	—	63,045
Ben Shenglin (Note 12).....	63,045	—	—	—	63,045
Supervisor					
Han Weiqiang (Note 13&14)	—	145,745	—	—	145,745
Liu Haoling (Note 13) ..	—	—	—	—	—
Jin Lizuo (Note 13)	<u>31,419</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>31,419</u>
Total	<u>518,249</u>	<u>372,603</u>	<u>—</u>	<u>6,070</u>	<u>896,922</u>

Note 1: The amounts disclosed above in respect of the remuneration of directors and supervisors were net of tax.

Note 2: Resigned as Chairman of the Board in May 2013.

Note 3: The director's fees of Mr. Jin Liqun for 2012 were waived with his authorization. Mr. Jin Liqun was appointed as Chairman of the Board in May 2013 and resigned in October 2014.

Note 4: Mr. Liu Xinlai resigned as director in December 2013 and his resignation became effective in January 2014. The Company paid the fees for directors' meetings of RMB25,284 and RMB24,854 to Mr. Liu Xinlai for the year ended 31 December 2012 and 2013, respectively. The remaining director's fees and the fees for directors' meetings of Mr. Liu Xinlai were paid by the Company to the Labour Union of China National Investment & Guaranty Co., Ltd. during the Relevant Periods.

- Note 5: Appointed as Chairman of the Board in October 2014.
- Note 6: Mr. Shi Jun was appointed as director in December 2013 and his appointment became effective in January 2014. The Company paid all the director's fees and the fees for directors' meetings of Mr. Shi Jun to the Labour Union of China National Investment & Guaranty Co., Ltd. during the Relevant Periods.
- Note 7: The director's fees of Mr. Ding Xuedong and Ms. Zhao Haiying were waived with their authorization.
- Note 8: Appointed as executive director in May 2015. The remuneration of Mr. Bi Mingjian during the six months ended 30 June 2015 includes the compensation for the services provided by Mr. Bi Mingjian acting as the Chief Executive Officer of the Company.
- Note 9: Appointed as non-executive director in February 2015.
- Note 10: Resigned as director in July 2015.
- Note 11: Resigned as director in April 2015.
- Note 12: Appointed as independent non-executive director in May 2015.
- Note 13: Appointed as supervisor in May 2015.
- Note 14: The remuneration of Mr. Han Weiqiang during the six months ended 30 June 2015 includes the compensation for the services provided by Mr. Han Weiqiang other than in the capacity of being a supervisor of the Company.

There were no amounts paid during the Relevant Periods to the directors and supervisors in connection with their retirement from employment or as compensation for loss of office with the Group or as inducement to join. There was no other arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

15 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 14. The aggregate of the emoluments are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Salaries and other emoluments	15,288,687	7,301,723	8,270,699	4,135,350	5,855,303
Discretionary bonuses (Note)	44,480,035	62,184,675	61,269,706	30,634,853	—
Retirement scheme contributions	194,633	216,835	752,803	376,402	829,014
Total.....	<u>59,963,355</u>	<u>69,703,233</u>	<u>70,293,208</u>	<u>35,146,605</u>	<u>6,684,317</u>

Note: The Group has not yet finalized the discretionary bonus of individual employee for the six months ended 30 June 2015.

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

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
RMB 1,000,001 to RMB 1,500,000	—	—	—	—	3
RMB 1,500,001 to RMB 2,000,000	—	—	—	—	2
RMB 6,000,001 to RMB 6,500,000	—	—	—	1	—
RMB 6,500,001 to RMB 7,000,000	—	—	—	2	—
RMB 7,000,001 to RMB 7,500,000	—	—	—	1	—
RMB 8,000,001 to RMB 8,500,000	—	1	—	1	—
RMB 9,500,001 to RMB 10,000,000	2	—	—	—	—
RMB 10,000,001 to RMB 10,500,000	—	1	—	—	—
RMB 10,500,001 to RMB 11,000,000	1	1	—	—	—
RMB 11,000,001 to RMB 11,500,000	1	—	—	—	—
RMB 12,000,001 to RMB 12,500,000	—	—	1	—	—
RMB 13,500,001 to RMB 14,000,000	—	1	2	—	—
RMB 14,000,001 to RMB 14,500,000	—	—	1	—	—
RMB 16,000,001 to RMB 16,500,000	—	—	1	—	—
RMB 18,000,001 to RMB 18,500,000	1	—	—	—	—
RMB 25,000,001 to RMB 30,000,000	—	1	—	—	—

No emoluments are paid or payable to these individuals in connection with their retirement from employment or as compensation for loss of office during the Relevant Periods, except for HKD10,000,000 was paid for inducement to join in 2012.

16 DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Depreciation of property and equipment	121,071,280	97,362,360	57,687,793	33,186,644	22,850,204
Amortization of intangible assets	3,974,028	3,315,450	2,223,141	1,284,675	696,614
Amortization of guarantee fees for subordinated bonds.	23,788,967	9,652,533	—	—	—
Total	<u>148,834,275</u>	<u>110,330,343</u>	<u>59,910,934</u>	<u>34,471,319</u>	<u>23,546,818</u>

17 OTHER OPERATING EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Operating lease charges in respect of property and equipment	265,213,472	233,721,832	222,419,466	114,285,299	112,072,474
Business development expenses.....	255,223,913	243,560,205	279,069,711	94,612,881	117,603,906
Information technology related expenses.....	104,046,577	91,179,915	95,501,988	45,354,995	46,164,685
Travelling and transportation expenses.....	83,930,189	63,369,077	76,125,990	31,248,140	41,155,355
Professional service fees	77,620,128	69,723,028	79,787,627	30,570,207	40,741,434
Utilities and maintenance	37,630,293	36,080,148	34,879,576	17,910,895	18,747,357
Securities Investor Protection Fund.....	12,027,614	11,084,981	17,256,813	7,014,223	15,744,386
Auditors' remuneration	3,207,405	3,234,277	3,365,673	1,682,836	3,800,000
Others	69,082,910	51,035,172	44,395,943	18,578,014	29,530,183
Total.....	907,982,501	802,988,635	852,802,787	361,257,490	425,559,780

18 PROVISION/(REVERSAL) FOR IMPAIRMENT LOSSES

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Provision for/(reversal of) impairment losses against accounts receivable.....	—	6,778,789	31,619,896	35,309,696	(8,072,634)
Provision for impairment losses against available-for-sale financial assets.....	—	18,743,250	—	—	—
Total charge/(reversal).....	<u>—</u>	<u>25,522,039</u>	<u>31,619,896</u>	<u>35,309,696</u>	<u>(8,072,634)</u>

19 INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Current tax					
- PRC income tax.....	3,813,125	29,460,972	156,070,645	7,641,183	228,028,241
- Hong Kong profits tax	19,092,073	12,327,811	65,467,446	16,434,197	23,624,422
Subtotal.....	22,905,198	41,788,783	221,538,091	24,075,380	251,652,663
Deferred tax					
Origination and reversal of temporary differences	126,629,935	89,627,888	165,865,314	104,912,635	124,628,551
Total.....	<u>149,535,133</u>	<u>131,416,671</u>	<u>387,403,405</u>	<u>128,988,015</u>	<u>376,281,214</u>

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

The income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China (for the purpose of this report, Mainland China excludes Hong Kong, Macau and Taiwan) during the Relevant Periods. Taxes on profits assessable outside Mainland China have been calculated at the applicable rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices. A reconciliation of income tax expenses calculated by applying the PRC statutory income tax rate to profit before tax to the income tax expense in the consolidated statement of profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Profit before income tax	457,279,703	501,526,892	1,505,856,720	496,173,250	1,512,426,749
Income tax calculated at the PRC statutory income tax rate	114,319,926	125,381,723	376,464,180	124,043,313	378,106,687
Non-deductible expenses.....	30,355,727	25,735,659	29,288,806	14,632,620	12,644,221
Non-taxable interest income	(10,361,781)	(7,325,554)	(8,592,545)	(3,681,204)	(7,123,432)
Non-taxable dividends income ...	—	(296,698)	—	—	—
Effect of different applicable tax rates of the subsidiaries ..	(21,959,110)	(28,111,761)	(92,729,201)	(19,686,375)	(33,920,905)
Tax effect of unused tax losses not recognized.....	35,980,057	18,920,307	87,797,081	16,029,634	27,948,121
Others	1,200,314	(2,887,005)	(4,824,916)	(2,349,973)	(1,373,478)
Total income tax expense	<u>149,535,133</u>	<u>131,416,671</u>	<u>387,403,405</u>	<u>128,988,015</u>	<u>376,281,214</u>

20 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS/SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders/shareholders of the Company includes a profit of RMB 279,594,773, RMB 215,361,775, RMB 610,843,137, RMB 276,416,084 and RMB 879,903,036 which have been dealt with in the financial statements of the Company in 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015, respectively.

21 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders/shareholders of the Company and the weighted average number of ordinary shares in issue for the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Profit attributable to equity holders/shareholders of the Company (RMB).....	307,743,236	370,110,221	1,118,453,315	367,185,235	1,136,145,535
Weighted average number of ordinary shares in issue.....	1,667,473,000	1,667,473,000	1,667,473,000	1,667,473,000	1,667,473,000
Basic earnings per share (in RMB per share).....	0.18	0.22	0.67	0.22	0.68

Note: Pursuant to a conversion completed on 1 June 2015 as detailed in the section headed "Our History and Corporate Structure" in the Prospectus, the Company was converted into a joint stock company with limited liability and issued 1,667,473,000 ordinary shares at par value of RMB 1 each. Basic earnings per share have been computed by dividing the profit attributable to equity holders/shareholders by 1,667,473,000 ordinary shares of the Company in issue upon the conversion as if the conversion had been effective on 1 January 2012.

There were no dilutive potential ordinary shares during the Relevant Periods, and therefore, diluted earnings per share are the same as the basic earnings per share.

22 PROPERTY AND EQUIPMENT

The Group

	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost					
At 1 January 2012..	554,401,493	47,974,837	863,988	436,048,745	1,039,289,063
Additions	27,710,086	1,184,624	—	24,320,362	53,215,072
Disposals.....	(6,402,242)	(108,704)	—	(3,998,144)	(10,509,090)
Effect of changes in foreign exchange rate.....	434,225	210,369	—	1,675,711	2,320,305
At 31 December 2012	576,143,562	49,261,126	863,988	458,046,674	1,084,315,350
Accumulated depreciation					
At 1 January 2012..	(390,653,079)	(32,782,551)	(777,589)	(324,545,051)	(748,758,270)
Additions	(67,470,503)	(5,923,318)	—	(47,677,459)	(121,071,280)
Disposals.....	4,585,635	—	—	3,706,586	8,292,221
Effect of changes in foreign exchange rate.....	(620,127)	(41,248)	—	(573,513)	(1,234,888)
At 31 December 2012	(454,158,074)	(38,747,117)	(777,589)	(369,089,437)	(862,772,217)
Carrying amount					
At 31 December 2012	121,985,488	10,514,009	86,399	88,957,237	221,543,133
At 31 December 2011	163,748,414	15,192,286	86,399	111,503,694	290,530,793

APPENDIX I
ACCOUNTANTS' REPORT

	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost					
At 1 January 2013..	576,143,562	49,261,126	863,988	458,046,674	1,084,315,350
Additions	16,852,071	196,880	—	3,842,072	20,891,023
Disposals.....	(50,322,407)	(2,892,041)	—	(18,893,435)	(72,107,883)
Effect of changes in foreign exchange rate.....	(3,655,051)	(368,019)	—	(2,870,115)	(6,893,185)
At 31 December 2013	539,018,175	46,197,946	863,988	440,125,196	1,026,205,305
Accumulated depreciation					
At 1 January 2013..	(454,158,074)	(38,747,117)	(777,589)	(369,089,437)	(862,772,217)
Additions	(51,025,263)	(4,528,423)	—	(41,808,674)	(97,362,360)
Disposals.....	45,141,717	2,678,033	—	16,810,919	64,630,669
Effect of changes in foreign exchange rate.....	2,563,782	282,079	—	2,736,981	5,582,842
At 31 December 2013	(457,477,838)	(40,315,428)	(777,589)	(391,350,211)	(889,921,066)
Carrying amount					
At 31 December 2013	81,540,337	5,882,518	86,399	48,774,985	136,284,239
At 31 December 2012	121,985,488	10,514,009	86,399	88,957,237	221,543,133

APPENDIX I
ACCOUNTANTS' REPORT

	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost					
At 1 January 2014..	539,018,175	46,197,946	863,988	440,125,196	1,026,205,305
Additions	45,775,961	345,686	502,600	14,126,809	60,751,056
Disposal	(28,326,606)	(147,692)	—	(3,378,978)	(31,853,276)
Effect of changes in foreign exchange rate	(670,040)	(131,087)	—	(1,332,741)	(2,133,868)
At 31 December 2014	555,797,490	46,264,853	1,366,588	449,540,286	1,052,969,217
Accumulated depreciation					
At 1 January 2014..	(457,477,838)	(40,315,428)	(777,589)	(391,350,211)	(889,921,066)
Additions	(32,103,844)	(2,191,401)	(100,520)	(23,292,028)	(57,687,793)
Disposals.....	24,747,462	132,923	—	3,252,302	28,132,687
Effect of changes in foreign exchange rate	650,058	128,703	—	917,159	1,695,920
At 31 December 2014	(464,184,162)	(42,245,203)	(878,109)	(410,472,778)	(917,780,252)
Carrying amount					
At 31 December 2014	91,613,328	4,019,650	488,479	39,067,508	135,188,965
At 31 December 2013	81,540,337	5,882,518	86,399	48,774,985	136,284,239

APPENDIX I
ACCOUNTANTS' REPORT

	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
Cost					
At 1 January 2015..	555,797,490	46,264,853	1,366,588	449,540,286	1,052,969,217
Additions	18,087,524	63,040	—	6,058,814	24,209,378
Disposals.....	(32,589,741)	(5,260)	—	(6,249,353)	(38,844,354)
Effect of changes in foreign exchange rate.....	3,613	10,567	—	(218,553)	(204,373)
At 30 June 2015.....	541,298,886	46,333,200	1,366,588	449,131,194	1,038,129,868
Accumulated depreciation					
At 1 January 2015..	(464,184,162)	(42,245,203)	(878,109)	(410,472,778)	(917,780,252)
Additions	(13,897,089)	(239,635)	(75,390)	(8,638,090)	(22,850,204)
Disposals.....	29,340,706	4,734	—	6,249,353	35,594,793
Effect of changes in foreign exchange rate.....	49,939	(11,970)	—	267,686	305,655
At 30 June 2015.....	(448,690,606)	(42,492,074)	(953,499)	(412,593,829)	(904,730,008)
Carrying amount					
At 30 June 2015.....	92,608,280	3,841,126	413,089	36,537,365	133,399,860
At 31 December 2014	91,613,328	4,019,650	488,479	39,067,508	135,188,965

23 INTANGIBLE ASSETS

The Group

	Securities trading seat rights	Others	Total
Cost			
At 1 January 2012	41,268,843	897,630	42,166,473
Additions	—	—	—
Effect of changes in foreign exchange rate	—	75	75
At 31 December 2012	41,268,843	897,705	42,166,548
Accumulated amortization			
At 1 January 2012	(29,720,864)	(281,281)	(30,002,145)
Additions	(3,924,800)	(49,228)	(3,974,028)
At 31 December 2012	(33,645,664)	(330,509)	(33,976,173)
Carrying amount			
At 31 December 2012	7,623,179	567,196	8,190,375
At 31 December 2011	11,547,979	616,349	12,164,328
Cost			
At 1 January 2013	41,268,843	897,705	42,166,548
Additions	—	—	—
Effect of changes in foreign exchange rate	—	(12,310)	(12,310)
At 31 December 2013	41,268,843	885,395	42,154,238
Accumulated amortization			
At 1 January 2013	(33,645,664)	(330,509)	(33,976,173)
Additions	(3,266,222)	(49,228)	(3,315,450)
At 31 December 2013	(36,911,886)	(379,737)	(37,291,623)
Carrying amount			
At 31 December 2013	4,356,957	505,658	4,862,615
At 31 December 2012	7,623,179	567,196	8,190,375

	Securities trading seat rights	Others	Total
Cost			
At 1 January 2014	41,268,843	885,395	42,154,238
Additions	—	—	—
Effect of changes in foreign exchange rate	—	1,320	1,320
At 31 December 2014	41,268,843	886,715	42,155,558
Accumulated amortization			
At 1 January 2014	(36,911,886)	(379,737)	(37,291,623)
Additions	(2,173,913)	(49,228)	(2,223,141)
At 31 December 2014	(39,085,799)	(428,965)	(39,514,764)
Carrying amount			
At 31 December 2014	2,183,044	457,750	2,640,794
At 31 December 2013	4,356,957	505,658	4,862,615
Cost			
At 1 January 2015	41,268,843	886,715	42,155,558
Additions	—	—	—
Effect of changes in foreign exchange rate	—	(130)	(130)
At 30 June 2015	41,268,843	886,585	42,155,428
Accumulated amortization			
At 1 January 2015	(39,085,799)	(428,965)	(39,514,764)
Additions	(672,000)	(24,614)	(696,614)
At 30 June 2015	(39,757,799)	(453,579)	(40,211,378)
Carrying amount			
At 30 June 2015	1,511,044	433,006	1,944,050
At 31 December 2014	2,183,044	457,750	2,640,794

24 INTEREST IN ASSOCIATES AND JOINT VENTURES

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Share of net assets				
- Associates.....	312,363,113	397,469,568	536,464,839	576,345,056
- Joint ventures	—	—	28,968,945	55,368,974
Total	<u>312,363,113</u>	<u>397,469,568</u>	<u>565,433,784</u>	<u>631,714,030</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Share of net assets				
- Associates	<u>190,588,369</u>	<u>239,206,736</u>	<u>266,366,748</u>	<u>270,605,192</u>

IASB has issued Amendments to IAS 27 in August 2014 which allows entities to use the equity method to account for investments in subsidiaries, associates and joint ventures in their separate financial statements. These amendments shall be applied for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Company early applied these amendments to account for its investments in associates and joint ventures using equity method in the separate financial statements.

The following list contains only the particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation operation	Particulars of issued and paid up capital	Proportion of ownership Interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Zheshang Jinhui Trust Co., Ltd. ("Zheshang Jinhui")....	Incorporated	Hangzhou, PRC	RMB 500,000,000	35%	35%	—	Trust business
CICC Jiatian (Tianjin) Equity Investment L.P. ("CICC Jiatian")	Partnership	Tianjin, PRC	RMB 401,700,000	24%	—	24%	Direct investment business
CMI Capital Limited ("CMI").	Incorporated	Hong Kong	HKD 231,750,000	40%	—	40%	Investment advisory business

The summary financial information of the Group's material associates and the reconciliation between the financial information of these associates and their carrying amounts in the Group's Financial Information are disclosed below:

(a) **Zheshang Jinhui**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Financial information of the associate				
- Assets.....	600,753,805	683,784,324	826,493,823	766,698,222
- Liabilities.....	56,215,610	79,890,854	144,678,406	72,668,074
- Net assets.....	544,538,195	603,893,470	681,815,417	694,030,148
- Operating income	111,285,354	199,064,284	274,632,699	76,177,208
- Net profit	38,823,444	59,906,525	77,921,947	12,237,166
Reconciled to the Group's interests in the associate:				
Gross amounts of net assets of the associate.....	544,538,195	603,893,470	681,815,417	694,030,148
Group's effective interest.....	35%	35%	35%	35%
Group's share of net assets of the associate.....	190,588,369	211,362,715	238,635,396	242,910,552
Carrying amount in the Financial Information.....	<u>190,588,369</u>	<u>211,362,715</u>	<u>238,635,396</u>	<u>242,910,552</u>

(b) **CICC Jiatian**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Financial information of the associate				
- Assets.....	516,717,800	629,833,982	794,103,670	945,728,906
- Liabilities.....	—	2,002,069	2,002,069	2,002,069
- Net assets.....	516,717,800	627,831,913	792,101,601	943,726,837
- Operating income	123,247,799	120,697,955	176,905,552	151,625,236
- Net profit	120,965,885	118,692,855	176,902,749	151,625,236
Reconciled to the Group's interests in the associate:				
Gross amounts of net assets of the associate.....	516,717,800	627,831,913	792,101,601	943,726,837
Group's effective interest.....	24%	24%	24%	24%
Group's share of net assets of the associate.....	121,774,744	148,062,832	186,926,807	222,799,276
Carrying amount in the Financial Information.....	<u>121,774,744</u>	<u>148,062,832</u>	<u>186,926,807</u>	<u>222,799,276</u>

(c) CMI

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Financial information of the associate				
- Assets.....	—	—	182,859,373	182,437,318
- Liabilities.....	—	—	431,163	585,846
- Net assets.....	—	—	182,428,210	181,851,472
- Operating income	—	—	3,250	142,698
- Net profit	—	—	(392,413)	(753,195)
Reconciled to the Group's interests in the associate:				
Gross amounts of net assets of the associate.....	—	—	182,428,210	181,851,472
Group's effective interest.....	—	—	40%	40%
Group's share of net assets of the associate.....	—	—	72,971,284	72,740,589
Carrying amount in the Financial Information.....	<u>—</u>	<u>—</u>	<u>72,971,284</u>	<u>72,740,589</u>

(d) Aggregate information of individually immaterial associates and joint ventures:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	—	38,044,021	66,900,297	93,263,613
Aggregate amounts of the Group's share of profit or loss and other comprehensive income of those associates and joint ventures				
- Losses for the year/period.....	—	(155,979)	(1,193,723)	(3,686,684)
- Other comprehensive income.....	—	—	—	—
- Total comprehensive income	—	(155,979)	(1,193,723)	(3,686,684)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

Non-current	As at 31 December			As at 30 June
	2012	2013	2014	2015
At fair value:				
Equity investments.....	<u>389,493,987</u>	<u>316,995,266</u>	<u>388,451,021</u>	<u>487,617,722</u>
Analyzed into:				
Unlisted.....	<u>389,493,987</u>	<u>316,995,266</u>	<u>388,451,021</u>	<u>487,617,722</u>
Total.....	<u>389,493,987</u>	<u>316,995,266</u>	<u>388,451,021</u>	<u>487,617,722</u>
Current	As at 31 December			As at 30 June
	2012	2013	2014	2015
At fair value:				
- Equity investments.....	<u>34,295,541</u>	<u>21,245,972</u>	<u>24,693,897</u>	<u>27,491,774</u>
- Funds and other investments.....	<u>116,823,806</u>	<u>9,778,796</u>	<u>20,816,763</u>	<u>1,323,067</u>
Total.....	<u>151,119,347</u>	<u>31,024,768</u>	<u>45,510,660</u>	<u>28,814,841</u>
Analyzed into:				
Listed, outside Hong Kong.....	<u>44,664,347</u>	<u>31,024,768</u>	<u>45,510,660</u>	<u>28,814,841</u>
Unlisted.....	<u>106,455,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total.....	<u>151,119,347</u>	<u>31,024,768</u>	<u>45,510,660</u>	<u>28,814,841</u>

The Company

Current	As at 31 December			As at 30 June
	2012	2013	2014	2015
At fair value:				
- Equity investments.....	<u>1,038,125</u>	<u>—</u>	<u>—</u>	<u>—</u>
- Funds and other investments.....	<u>17,368,806</u>	<u>9,778,796</u>	<u>20,816,763</u>	<u>1,323,067</u>
Total.....	<u>18,406,931</u>	<u>9,778,796</u>	<u>20,816,763</u>	<u>1,323,067</u>
Analyzed into:				
Listed, outside Hong Kong.....	<u>11,406,931</u>	<u>9,778,796</u>	<u>20,816,763</u>	<u>1,323,067</u>
Unlisted.....	<u>7,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total.....	<u>18,406,931</u>	<u>9,778,796</u>	<u>20,816,763</u>	<u>1,323,067</u>

26 REFUNDABLE DEPOSITS

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Self-owned refundable deposits	160,331,831	204,827,286	309,110,919	493,863,178
Refundable deposits held on behalf of clients	38,209,930	15,340,645	15,906,554	39,423,652
Total	<u>198,541,761</u>	<u>220,167,931</u>	<u>325,017,473</u>	<u>533,286,830</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Self-owned refundable deposits	157,787,312	172,224,323	243,480,597	402,424,811
Refundable deposits held on behalf of clients	38,209,930	15,340,645	15,906,554	39,423,651
Total	<u>195,997,242</u>	<u>187,564,968</u>	<u>259,387,151</u>	<u>441,848,462</u>

Refundable deposits are mainly placed at China Securities Depository and Clearing Corporation Limited, futures companies, China Securities Finance Corporation Limited, Shanghai Clearing House, Hong Kong Securities Clearing Company Nominees Limited and Hong Kong Futures Exchange Clearing Corporation Limited.

27 DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities recognized

(i) *The Group*

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movement during the Relevant Periods are as follows:

	31 December 2012						
	1 January 2012	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Exchange differences in translation of financial statements of overseas subsidiaries	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax arising from:							
Staff cost	551,082,228	(66,820,133)	—	27,660	484,289,755	484,289,755	—
Deductible tax loss...	262,698,330	(36,497,857)	—	7,120	226,207,593	226,207,593	—
Depreciation and amortization	19,391,692	(15,463,959)	—	(342)	3,927,391	3,927,391	—
Changes in fair values of financial instruments at fair value through profit or loss	443,487	1,202,603	—	—	1,646,090	1,646,090	—
Changes in fair values of available-for-sale financial assets	167,743	—	(17,222)	—	150,521	150,521	—
Others	15,819,012	(9,050,589)	(48,234)	(255)	6,719,934	13,648,140	(6,928,206)
Subtotal	<u>849,602,492</u>	<u>(126,629,935)</u>	<u>(65,456)</u>	<u>34,183</u>	<u>722,941,284</u>	729,869,490	(6,928,206)
Set off						<u>(3,059,453)</u>	<u>3,059,453</u>
Deferred tax assets/ (liabilities) on consolidated statements of financial position.....						<u>726,810,037</u>	<u>(3,868,753)</u>

	31 December 2013						
	1 January 2013	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Exchange differences in translation of financial statements of overseas subsidiaries	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax arising from:							
Staff cost	484,289,755	(27,531,014)	—	(3,407,423)	453,351,318	453,351,318	—
Deductible tax loss...	226,207,593	(96,688,344)	—	(1,470,729)	128,048,520	128,048,520	—
Depreciation and amortization	3,927,391	2,550,551	—	(143,230)	6,334,712	6,334,712	—
Changes in fair values of financial instruments at fair value through profit or loss	1,646,090	34,337,769	—	—	35,983,859	35,983,859	—
Changes in fair values of available-for-sale financial assets	150,521	—	(3,827,260)	—	(3,676,739)	129,982	(3,806,721)
Others	6,719,934	(2,296,850)	48,234	(23,433)	4,447,885	17,816,198	(13,368,313)
Subtotal	<u>722,941,284</u>	<u>(89,627,888)</u>	<u>(3,779,026)</u>	<u>(5,044,815)</u>	<u>624,489,555</u>	641,664,589	(17,175,034)
Set off						<u>(5,553,607)</u>	<u>5,553,607</u>
Deferred tax assets/ (liabilities) on consolidated statements of financial position.....						<u>636,110,982</u>	<u>(11,621,427)</u>

	31 December 2014						
	1 January 2014	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Exchange differences in translation of financial statements of overseas subsidiaries	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax arising from:							
Staff cost	453,351,318	1,688,241	—	597,197	455,636,756	455,636,756	—
Deductible tax loss...	128,048,520	(86,439,379)	—	178,743	41,787,884	41,787,884	—
Depreciation and amortization	6,334,712	(198,601)	—	18,338	6,154,449	6,154,449	—
Changes in fair values of financial instruments at fair value through profit or loss	35,983,859	(81,938,206)	—	—	(45,954,347)	—	(45,954,347)
Changes in fair values of available-for-sale financial assets	(3,676,739)	—	(4,043,748)	—	(7,720,487)	—	(7,720,487)
Others	4,447,885	1,022,631	—	(10,912)	5,459,604	28,419,008	(22,959,404)
Subtotal	<u>624,489,555</u>	<u>(165,865,314)</u>	<u>(4,043,748)</u>	<u>783,366</u>	<u>455,363,859</u>	531,998,097	(76,634,238)
Set off						<u>(47,720,772)</u>	<u>47,720,772</u>
Deferred tax assets/ (liabilities) on consolidated statements of financial position.....						<u>484,277,325</u>	<u>(28,913,466)</u>

	30 June 2015						
	1 January 2015	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Exchange differences in translation of financial statements of overseas subsidiaries	Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax arising from:							
Staff cost	455,636,756	(29,825,106)	—	(28,373)	425,783,277	425,783,277	—
Deductible tax loss...	41,787,884	(2,407,943)	—	(16,193)	39,363,748	39,363,748	—
Depreciation and amortization	6,154,449	(513,117)	—	(2,198)	5,639,134	5,639,134	—
Changes in fair values of financial instruments at fair value through profit or loss	(45,954,347)	(81,626,514)	—	—	(127,580,861)	—	(127,580,861)
Changes in fair values of available-for-sale financial assets	(7,720,487)	—	726,320	—	(6,994,167)	—	(6,994,167)
Others	5,459,604	(10,255,871)	—	(3,298)	(4,799,565)	27,127,956	(31,927,521)
Subtotal	<u>455,363,859</u>	<u>(124,628,551)</u>	<u>726,320</u>	<u>(50,062)</u>	<u>331,411,566</u>	497,914,115	(166,502,549)
Set off						(123,517,091)	123,517,091
Deferred tax assets/ (liabilities) on consolidated statements of financial position.....						<u>374,397,024</u>	<u>(42,985,458)</u>

(ii) *The Company*

	<u>31 December 2012</u>				
	<u>1 January 2012</u>	<u>(Charged)/ credited to profit or loss</u>	<u>(Charged)/ credited to equity</u>	<u>Deferred tax, net</u>	<u>Deferred tax assets</u>
Deferred tax arising from:					
Staff cost	414,741,706	(51,219,415)	—	363,522,291	363,522,291
Deductible tax loss.....	219,517,930	(41,043,382)	—	178,474,548	178,474,548
Depreciation and amortization.....	18,768,712	(17,846,778)	—	921,934	921,934
Changes in fair values of financial instruments at fair value through profit or loss	443,487	1,202,603	—	1,646,090	1,646,090
Changes in fair values of available-for-sale financial assets.....	167,743	—	(17,222)	150,521	150,521
Others	14,659,050	(1,373,557)	(48,234)	13,237,259	13,237,259
Subtotal.....	<u>668,298,628</u>	<u>(110,280,529)</u>	<u>(65,456)</u>	<u>557,952,643</u>	<u>557,952,643</u>
Set off.....					—
Deferred tax assets on statements of financial position.....					<u>557,952,643</u>

	<u>31 December 2013</u>				
	<u>1 January 2013</u>	<u>(Charged)/ credited to profit or loss</u>	<u>(Charged)/ credited to equity</u>	<u>Deferred tax, net</u>	<u>Deferred tax assets</u>
Deferred tax arising from:					
Staff cost	363,522,291	(21,390,440)	—	342,131,851	342,131,851
Deductible tax loss.....	178,474,548	(97,810,124)	—	80,664,424	80,664,424
Depreciation and amortization.....	921,934	(173,878)	—	748,056	748,056
Changes in fair values of financial instruments at fair value through profit or loss	1,646,090	34,337,769	—	35,983,859	35,983,859
Changes in fair values of available-for-sale financial assets.....	150,521	—	(20,539)	129,982	129,982
Others	13,237,259	2,683,973	48,234	15,969,466	15,969,466
Subtotal.....	<u>557,952,643</u>	<u>(82,352,700)</u>	<u>27,695</u>	<u>475,627,638</u>	<u>475,627,638</u>
Set off.....					—
Deferred tax assets on statements of financial position.....					<u>475,627,638</u>

	31 December 2014				
	1 January 2014	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Deferred tax, net	Deferred tax assets
Deferred tax arising from:					
Staff cost	342,131,851	73,454,307	—	415,586,158	415,586,158
Deductible tax loss	80,664,424	(80,664,424)	—	—	—
Depreciation and amortization	748,056	(322,493)	—	425,563	425,563
Changes in fair values of financial instruments at fair value through profit or loss	35,983,859	(77,072,406)	—	(41,088,547)	(41,088,547)
Changes in fair values of available-for-sale financial assets	129,982	—	(1,010,440)	(880,458)	(880,458)
Others	15,969,466	7,392,782	—	23,362,248	23,362,248
Subtotal	<u>475,627,638</u>	<u>(77,212,234)</u>	<u>(1,010,440)</u>	<u>397,404,964</u>	<u>397,404,964</u>
Set off					—
Deferred tax assets on statements of financial position					<u>397,404,964</u>

	30 June 2015				
	1 January 2015	(Charged)/ credited to profit or loss	(Charged)/ credited to equity	Deferred tax, net	Deferred tax assets
Deferred tax arising from:					
Staff cost	415,586,158	(8,502,326)	—	407,083,832	407,083,832
Depreciation and amortization	425,563	(215,379)	—	210,184	210,184
Changes in fair values of financial instruments at fair value through profit or loss	(41,088,547)	(81,626,514)	—	(122,715,061)	(122,715,061)
Changes in fair values of available-for-sale financial assets	(880,458)	—	809,962	(70,496)	(70,496)
Others	23,362,248	876,231	—	24,238,479	24,238,479
Subtotal	<u>397,404,964</u>	<u>(89,467,988)</u>	<u>809,962</u>	<u>308,746,938</u>	<u>308,746,938</u>
Set off					—
Deferred tax assets on statements of financial position					<u>308,746,938</u>

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 3(o), the Group has not recognized deferred tax assets in respect of cumulative tax losses amounted to RMB 136 million, RMB 154 million, RMB 239 million and RMB 261 million at 31 December 2012, 2013, 2014 and 30 June 2015, respectively.

Deferred tax assets not recognized in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group engaged in investment banking and securities brokerage business. Tax losses are recorded by these overseas subsidiaries which were set up to strengthen the Group's international franchise and cross-border service capabilities as a result of the large amount of business expenditures in connection with their establishments and operations in previous years.

Deferred tax asset arising from unused tax losses is recognized only to the extent that an entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized by the entity, when the entity has a history of recent losses. The directors of the Company review the financial performance of these overseas subsidiaries at the end of each reporting period to determine whether there is sufficient taxable profit to be available against the unused tax losses, and they are of the opinion that it is probable that sufficient future taxable profits against which the losses can be utilized will not be available in the relevant tax jurisdictions and entities in the foreseeable future, given that further expenditures of these overseas subsidiaries are considered necessary for expanding the Group's overseas operations based on its business strategies. Deferred tax asset will be recognized for the carryforward of unused tax losses of these subsidiaries to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

28 OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Rental deposits	63,642,983	54,857,309	54,118,534	52,815,368
Prepaid guarantee expenses for subordinated bonds	9,652,533	—	—	—
Others	3,982,626	3,934,618	3,939,759	3,964,450
Total	<u>77,278,142</u>	<u>58,791,927</u>	<u>58,058,293</u>	<u>56,779,818</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Rental deposits	45,001,440	37,538,948	37,741,280	36,463,495
Prepaid guarantee expenses for subordinated bonds	9,652,533	—	—	—
Others	2,401,469	2,401,468	2,401,470	2,426,669
Total	<u>57,055,442</u>	<u>39,940,416</u>	<u>40,142,750</u>	<u>38,890,164</u>

29 ACCOUNTS RECEIVABLE**(a) Analyzed by nature:****The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Trade receivable.....	1,232,506,243	2,720,864,229	7,219,375,203	7,618,866,495
Underwriting and advisory fees receivable	482,654,410	407,520,236	772,007,054	901,943,467
Asset management fees receivable.....	114,526,612	128,700,036	162,636,256	174,211,167
Trading seat rental fees receivable	69,560,849	78,785,360	79,759,881	136,868,936
Others	97,905,635	107,678,050	127,363,421	382,352,821
Less: provision for impairment losses ..	(213,376)	—	(25,420,751)	(20,991,688)
Total	<u>1,996,940,373</u>	<u>3,443,547,911</u>	<u>8,335,721,064</u>	<u>9,193,251,198</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Trade receivable.....	164,827,275	1,464,251,056	1,734,862,502	1,376,853,445
Underwriting and advisory fees receivable	195,744,227	303,859,392	262,137,180	378,617,197
Asset management fees receivable.....	108,208,617	128,263,773	159,693,204	167,424,566
Trading seat rental fees receivable	69,560,849	78,785,360	79,759,881	136,868,936
Others	61,645,985	68,984,161	86,932,929	161,351,160
Less: provision for impairment losses ..	—	—	(9,100,000)	(12,759,811)
Total	<u>599,986,953</u>	<u>2,044,143,742</u>	<u>2,314,285,696</u>	<u>2,208,355,493</u>

(b) Analyzed by aging:**The Group**

	As at 31 December 2012			
	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive).....	1,891,674,705	94.72%	—	—
1 — 2 years (inclusive).....	77,491,896	3.88%	(213,376)	100.00%
2 — 3 years (inclusive).....	26,601,419	1.33%	—	—
More than 3 years	1,385,729	0.07%	—	—
Total	<u>1,997,153,749</u>	<u>100.00%</u>	<u>(213,376)</u>	<u>100.00%</u>

As at 31 December 2013

	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive).....	3,300,194,348	95.83%	—	—
1 — 2 years (inclusive).....	94,241,284	2.74%	—	—
2 — 3 years (inclusive).....	44,636,863	1.30%	—	—
More than 3 years	4,475,416	0.13%	—	—
Total	<u>3,443,547,911</u>	<u>100.00%</u>	<u>—</u>	<u>—</u>

As at 31 December 2014

	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive).....	8,209,482,812	98.19%	—	—
1 — 2 years (inclusive).....	91,911,670	1.10%	(14,607,100)	57.46%
2 — 3 years (inclusive).....	33,717,743	0.40%	(10,813,651)	42.54%
More than 3 years	26,029,590	0.31%	—	—
Total	<u>8,361,141,815</u>	<u>100.00%</u>	<u>(25,420,751)</u>	<u>100.00%</u>

As at 30 June 2015

	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive).....	8,851,056,295	96.06%	(3,056,800)	14.56%
1 — 2 years (inclusive).....	245,432,626	2.66%	(5,632,240)	26.83%
2 — 3 years (inclusive).....	88,383,324	0.96%	(9,225,000)	43.95%
More than 3 years	29,370,641	0.32%	(3,077,648)	14.66%
Total	<u>9,214,242,886</u>	<u>100.00%</u>	<u>(20,991,688)</u>	<u>100.00%</u>

The Company

As at 31 December 2012

	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive).....	502,736,843	83.80%	—	—
1 — 2 years (inclusive).....	69,262,963	11.54%	—	—
2 — 3 years (inclusive).....	26,601,418	4.43%	—	—
More than 3 years	1,385,729	0.23%	—	—
Total	<u>599,986,953</u>	<u>100.00%</u>	<u>—</u>	<u>—</u>

	As at 31 December 2013			
	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive)	1,913,150,714	93.59%	—	—
1 — 2 years (inclusive)	82,902,848	4.06%	—	—
2 — 3 years (inclusive)	43,614,764	2.13%	—	—
More than 3 years	4,475,416	0.22%	—	—
Total	<u>2,044,143,742</u>	<u>100.00%</u>	<u>—</u>	<u>—</u>

	As at 31 December 2014			
	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive)	2,202,850,682	94.81%	—	—
1 — 2 years (inclusive)	79,077,399	3.40%	(9,100,000)	100.00%
2 — 3 years (inclusive)	22,904,092	0.99%	—	—
More than 3 years	18,553,523	0.80%	—	—
Total	<u>2,323,385,696</u>	<u>100.00%</u>	<u>(9,100,000)</u>	<u>100.00%</u>

	As at 30 June 2015			
	Gross amount		Provision for impairment losses	
	Amount	%	Amount	%
Within 1 year (inclusive)	1,884,794,640	84.86%	(327,163)	2.56%
1 — 2 years (inclusive)	226,036,170	10.18%	(130,000)	1.02%
2 — 3 years (inclusive)	88,383,324	3.98%	(9,225,000)	72.30%
More than 3 years	21,901,170	0.98%	(3,077,648)	24.12%
Total	<u>2,221,115,304</u>	<u>100.00%</u>	<u>(12,759,811)</u>	<u>100.00%</u>

(c) Analysis of the movement of provision for impairment losses:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
At the beginning of the year/period... (Provided)/reversed for the	(213,899)	(213,376)	—	(25,420,751)
year/period	—	(6,778,789)	(31,619,896)	8,072,634
Write-offs for the year/period	—	6,992,165	6,382,263	10,200,152
Recoveries	—	—	(183,118)	(13,851,705)
Effect of changes in foreign exchange rate	523	—	—	7,982
At the end of the year/period	<u>(213,376)</u>	<u>—</u>	<u>(25,420,751)</u>	<u>(20,991,688)</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
At the beginning of the year/period...	—	—	—	(9,100,000)
Provided for the year/period.....	—	(1,181,534)	(12,374,749)	(4,271,720)
Write-offs for the year/period.....	—	1,181,534	3,274,749	611,530
Effect of changes in foreign exchange rate.....	—	—	—	379
At the end of the year/period	<u>—</u>	<u>—</u>	<u>(9,100,000)</u>	<u>(12,759,811)</u>

(d) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default.

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

30 RECEIVABLE FROM MARGIN CLIENTS**(a) Analyzed by nature:****The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Individuals	246,202,517	1,455,960,144	2,772,733,577	5,842,578,260
Institutions	297,509,562	641,577,988	685,269,900	1,358,126,738
Total	<u>543,712,079</u>	<u>2,097,538,132</u>	<u>3,458,003,477</u>	<u>7,200,704,998</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Individuals	154,155,836	1,090,257,322	2,456,559,446	5,271,405,968
Institutions	258,634,198	477,306,884	624,177,437	1,182,075,659
Total	<u>412,790,034</u>	<u>1,567,564,206</u>	<u>3,080,736,883</u>	<u>6,453,481,627</u>

(b) Analyzed by fair value of collaterals:**The Group**

	Fair value of collaterals			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Stocks	2,346,015,886	6,859,324,822	10,800,280,120	21,738,409,644
Cash.....	26,493,397	75,030,085	391,412,434	1,008,104,839
Debt securities	—	9,477,060	17,263,409	5,031,848
Total	<u>2,372,509,283</u>	<u>6,943,831,967</u>	<u>11,208,955,963</u>	<u>22,751,546,331</u>

The Company

	Fair value of collaterals			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Stocks	1,601,595,230	4,284,159,744	9,186,931,012	18,297,282,391
Cash.....	20,616,146	47,871,818	364,893,160	857,486,606
Debt securities	—	9,477,060	17,263,409	5,031,848
Total	<u>1,622,211,376</u>	<u>4,341,508,622</u>	<u>9,569,087,581</u>	<u>19,159,800,845</u>

The Group evaluates the collectability of receivable from margin clients based on management's assessment on the credit rating, collateral value and the past collection history of each margin client. As at 31 December 2012, 2013, 2014 and 30 June 2015, no provision for impairment losses was made on receivable from margin clients of the Group and the Company.

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Analyzed by type:

The Group

	As at 31 December 2012		
	Financial assets designated as at fair value		Total
	Financial assets held for trading	through profit or loss	
Equity investments.....	836,234,439	—	836,234,439
Debt securities.....	10,571,604,877	—	10,571,604,877
Funds and other investments.....	507,425,863	9,501,361	516,927,224
Total.....	<u>11,915,265,179</u>	<u>9,501,361</u>	<u>11,924,766,540</u>

	As at 31 December 2013		
	Financial assets designated as at fair value		Total
	Financial assets held for trading	through profit or loss	
Equity investments.....	138,439,520	584,723,354	723,162,874
Debt securities.....	10,917,336,545	57,000,000	10,974,336,545
Funds and other investments.....	614,254,350	639,959,537	1,254,213,887
Total.....	<u>11,670,030,415</u>	<u>1,281,682,891</u>	<u>12,951,713,306</u>

	As at 31 December 2014		
	Financial assets designated as at fair value		Total
	Financial assets held for trading	through profit or loss	
Equity investments.....	1,987,342,058	7,752,346,039	9,739,688,097
Debt securities.....	10,750,613,852	95,000,000	10,845,613,852
Funds and other investments.....	296,683,114	771,740,180	1,068,423,294
Total.....	<u>13,034,639,024</u>	<u>8,619,086,219</u>	<u>21,653,725,243</u>

	As at 30 June 2015		
	Financial assets designated as at fair value		
	Financial assets held for trading	through profit or loss	Total
Equity investments.....	5,964,187,068	10,081,460,700	16,045,647,768
Debt securities.....	13,092,045,577	—	13,092,045,577
Funds and other investments.....	1,092,586,993	587,131,603	1,679,718,596
Total.....	<u>20,148,819,638</u>	<u>10,668,592,303</u>	<u>30,817,411,941</u>

The Company

	As at 31 December 2012		
	Financial assets designated as at fair value		
	Financial assets held for trading	through profit or loss	Total
Equity investments.....	651,564,156	—	651,564,156
Debt securities.....	9,590,992,087	—	9,590,992,087
Funds and other investments.....	507,425,863	8,218,600	515,644,463
Total.....	<u>10,749,982,106</u>	<u>8,218,600</u>	<u>10,758,200,706</u>

	As at 31 December 2013		
	Financial assets designated as at fair value		
	Financial assets held for trading	through profit or loss	Total
Equity investments.....	64,926,362	—	64,926,362
Debt securities.....	10,213,498,511	—	10,213,498,511
Funds and other investments.....	587,951,431	66,497,845	654,449,276
Total.....	<u>10,866,376,304</u>	<u>66,497,845</u>	<u>10,932,874,149</u>

	As at 31 December 2014		
	Financial assets designated as at fair value		
	Financial assets held for trading	through profit or loss	Total
Equity investments.....	1,881,594,628	—	1,881,594,628
Debt securities.....	9,337,807,993	—	9,337,807,993
Funds and other investments.....	286,642,710	77,191,134	363,833,844
Total.....	<u>11,506,045,331</u>	<u>77,191,134</u>	<u>11,583,236,465</u>

	As at 30 June 2015		
	Financial assets designated as at fair value		
	Financial assets held for trading	through profit or loss	Total
Equity investments.....	3,690,868,750	—	3,690,868,750
Debt securities.....	11,054,781,925	—	11,054,781,925
Funds and other investments.....	878,846,940	118,856,959	997,703,899
Total.....	<u>15,624,497,615</u>	<u>118,856,959</u>	<u>15,743,354,574</u>

(b) Analyzed by listing status:

The Group

Financial assets held for trading:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Listed				
- In Hong Kong.....	184,670,283	73,513,159	64,299,878	92,049,025
- Outside Hong Kong.....	10,324,056,686	10,355,090,214	11,421,731,507	17,338,293,096
Unlisted.....	<u>1,406,538,210</u>	<u>1,241,427,042</u>	<u>1,548,607,639</u>	<u>2,718,477,517</u>
Total.....	<u>11,915,265,179</u>	<u>11,670,030,415</u>	<u>13,034,639,024</u>	<u>20,148,819,638</u>

Financial assets designated as at fair value through profit or loss:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Listed				
- In Hong Kong.....	—	42,920,275	64,679,725	327,034,791
- Outside Hong Kong	—	541,803,079	7,687,666,314	9,654,726,252
Unlisted	<u>9,501,361</u>	<u>696,959,537</u>	<u>866,740,180</u>	<u>686,831,260</u>
Total	<u>9,501,361</u>	<u>1,281,682,891</u>	<u>8,619,086,219</u>	<u>10,668,592,303</u>

The Company

Financial assets held for trading:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Listed				
- In Hong Kong.....	—	—	—	—
- Outside Hong Kong	10,297,129,564	10,279,899,244	11,301,038,371	14,811,059,124
Unlisted	<u>452,852,542</u>	<u>586,477,060</u>	<u>205,006,960</u>	<u>813,438,491</u>
Total	<u>10,749,982,106</u>	<u>10,866,376,304</u>	<u>11,506,045,331</u>	<u>15,624,497,615</u>

Financial assets designated as at fair value through profit or loss:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Listed				
- In Hong Kong.....	—	—	—	—
- Outside Hong Kong	—	—	—	—
Unlisted	<u>8,218,600</u>	<u>66,497,845</u>	<u>77,191,134</u>	<u>118,856,959</u>
Total	<u>8,218,600</u>	<u>66,497,845</u>	<u>77,191,134</u>	<u>118,856,959</u>

32 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group

	As at 31 December 2012		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	15,666,035,308	100,527,940	(87,623,818)
Currency contracts	26,676,698,072	46,362,244	(50,054,859)
Equity contracts	756,294,849	4,845,336	(29,299,918)
Credit contracts.....	1,708,530,089	11,455,219	(20,411,389)
Other contracts	<u>12,805,628,417</u>	<u>205,743,819</u>	<u>(205,091,474)</u>
Total	<u>57,613,186,735</u>	368,934,558	(392,481,458)
Less: settlement		—	<u>28,771,356</u>
Net position		<u>368,934,558</u>	<u>(363,710,102)</u>

	As at 31 December 2013		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	28,364,663,551	307,692,180	(288,709,594)
Currency contracts	38,988,963,325	402,940,175	(418,614,015)
Equity contracts	3,484,740,607	18,354,859	(809,991)
Credit contracts.....	2,688,411,572	19,504,158	(19,227,026)
Other contracts	<u>35,764,981,732</u>	<u>610,122,357</u>	<u>(611,195,333)</u>
Total	<u>109,291,760,787</u>	1,358,613,729	(1,338,555,959)
Less: settlement		(568,541)	<u>684,182</u>
Net position		<u>1,358,045,188</u>	<u>(1,337,871,777)</u>

As at 31 December 2014

	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	32,562,424,433	238,356,627	(207,472,346)
Currency contracts	20,282,135,137	126,206,220	(147,510,409)
Equity contracts	35,449,880,261	181,164,624	(210,581,520)
Credit contracts.....	2,520,129,484	24,103,922	(23,151,664)
Other contracts	10,284,163,112	162,976,749	(155,440,230)
Total	<u>101,098,732,427</u>	732,808,142	(744,156,169)
Less: settlement		—	6,350,474
Net position		<u>732,808,142</u>	<u>(737,805,695)</u>

As at 30 June 2015

	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	27,618,025,679	431,261,921	(300,845,641)
Currency contracts	9,648,298,218	50,803,932	(86,393,650)
Equity contracts	22,540,122,673	470,071,782	(577,608,326)
Credit contracts.....	2,074,872,035	34,074,664	(16,157,603)
Other contracts	10,442,584,306	286,748,330	(275,199,734)
Total	<u>72,323,902,911</u>	1,272,960,629	(1,256,204,954)
Less: settlement		(40,214,486)	1,274,922
Net position		<u>1,232,746,143</u>	<u>(1,254,930,032)</u>

The Company

As at 31 December 2012

	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	11,570,000,000	49,340,678	(54,296,115)
Equity contracts	714,183,300	2,107,295	(28,771,356)
Total	<u>12,284,183,300</u>	51,447,973	(83,067,471)
Less: settlement		—	28,771,356
Net position		<u>51,447,973</u>	<u>(54,296,115)</u>

As at 31 December 2013			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	12,070,000,000	99,174,629	(143,968,351)
Equity contracts	<u>3,484,740,607</u>	<u>18,354,859</u>	<u>(809,991)</u>
Total	<u>15,554,740,607</u>	117,529,488	(144,778,342)
Less: settlement		<u>(568,541)</u>	<u>684,182</u>
Net position		<u>116,960,947</u>	<u>(144,094,160)</u>

As at 31 December 2014			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	12,900,000,000	81,857,690	(16,419,870)
Equity contracts	<u>35,301,973,225</u>	<u>181,849,061</u>	<u>(179,271,080)</u>
Total	<u>48,201,973,225</u>	263,706,751	(195,690,950)
Less: settlement		—	<u>6,350,474</u>
Net position		<u>263,706,751</u>	<u>(189,340,476)</u>

As at 30 June 2015			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate contracts.....	12,060,000,000	189,706,998	(42,007,543)
Equity contracts	<u>20,274,090,390</u>	<u>364,593,992</u>	<u>(460,041,562)</u>
Total	<u>32,334,090,390</u>	554,300,990	(502,049,105)
Less: settlement		<u>(40,214,486)</u>	<u>1,274,922</u>
Net position		<u>514,086,504</u>	<u>(500,774,183)</u>

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures, treasury futures and commodity futures in Mainland China are settled daily and the corresponding receipts and payments are included in "deposits with clearing houses". Accordingly, the net position of the above contracts was nil as at 31 December 2012, 2013, 2014 and 30 June 2015.

33 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS ("REVERSE REPOS")

(a) Analyzed by collateral type:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Debt securities	396,781,094	1,469,824,532	234,660,170	627,858,375
Stocks	41,803,000	1,029,187,916	1,387,188,261	758,055,400
Total	<u>438,584,094</u>	<u>2,499,012,448</u>	<u>1,621,848,431</u>	<u>1,385,913,775</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Debt securities	241,000,000	1,137,199,765	60,107,000	—
Stocks	41,803,000	1,029,187,916	1,387,188,261	758,055,400
Total	<u>282,803,000</u>	<u>2,166,387,681</u>	<u>1,447,295,261</u>	<u>758,055,400</u>

(b) Analyzed by market:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Inter-bank market	100,000,000	329,000,000	—	—
Stock exchanges	182,803,000	1,243,587,916	1,452,295,261	1,013,055,400
Over-the-counter market	155,781,094	926,424,532	169,553,170	372,858,375
Total	<u>438,584,094</u>	<u>2,499,012,448</u>	<u>1,621,848,431</u>	<u>1,385,913,775</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Inter-bank market	100,000,000	329,000,000	—	—
Stock exchanges	182,803,000	1,049,887,916	1,447,295,261	758,055,400
Over-the-counter market	—	787,499,765	—	—
Total	<u>282,803,000</u>	<u>2,166,387,681</u>	<u>1,447,295,261</u>	<u>758,055,400</u>

34 INTEREST RECEIVABLE**The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Interest receivable from debt securities	228,976,391	239,513,456	265,624,416	251,521,300
Interest receivable from reverse REPOs	356,185	42,657,706	53,997,583	29,131,124
Interest receivable from margin financing and securities lending	8,277,304	21,859,319	16,027,745	53,957,520
Others	5,065,612	3,221,395	6,303,263	13,003,996
Total	<u>242,675,492</u>	<u>307,251,876</u>	<u>341,953,007</u>	<u>347,613,940</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Interest receivable from debt securities	214,727,931	221,992,653	245,589,214	225,941,399
Interest receivable from reverse REPOs	356,185	42,571,481	53,997,583	29,131,124
Interest receivable from margin financing and securities lending	8,277,304	21,859,319	16,027,745	53,957,520
Others	4,475,079	2,729,213	4,658,933	12,205,647
Total	<u>227,836,499</u>	<u>289,152,666</u>	<u>320,273,475</u>	<u>321,235,690</u>

35 CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group and the Company maintain segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of brokerage business. The Group and the Company have classified their clients' monies as cash held on behalf of brokerage clients under the current assets of the consolidated statements of financial position and the statements of financial position, and recognized the corresponding accounts payable to the respective clients on the grounds that the Group and the Company are liable for any loss or misappropriation of their clients' monies. In the PRC, clients' monies are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, clients' monies are restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

36 CASH AND BANK BALANCES

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Cash on hand	243,686	191,878	294,276	196,015
Deposits with banks	3,771,558,897	2,820,079,734	2,949,195,650	4,811,090,329
Deposits with clearing houses	262,545,438	275,826,137	468,852,454	1,337,992,364
Total	<u>4,034,348,021</u>	<u>3,096,097,749</u>	<u>3,418,342,380</u>	<u>6,149,278,708</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Cash on hand	206,351	131,575	241,542	150,155
Deposits with banks	1,820,757,699	931,144,715	1,272,392,905	2,754,266,526
Deposits with clearing houses	261,389,647	275,821,106	467,426,035	1,309,294,579
Total	<u>2,082,353,697</u>	<u>1,207,097,396</u>	<u>1,740,060,482</u>	<u>4,063,711,260</u>

Deposits with banks comprise time deposits and demand deposits which bear interest at the prevailing market rates.

37 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Cash on hand	243,686	191,878	294,276	196,015
Deposits with banks	3,771,558,897	2,820,079,734	2,949,195,650	4,811,090,329
Deposits with clearing houses	262,545,438	275,826,137	468,852,454	1,337,992,364
Less: fixed or restricted bank deposits	<u>(30,599,959)</u>	<u>(123,337,552)</u>	<u>(66,559,814)</u>	<u>(84,135,848)</u>
Total	<u>4,003,748,062</u>	<u>2,972,760,197</u>	<u>3,351,782,566</u>	<u>6,065,142,860</u>

The fixed or restricted bank deposits mainly include bank deposits with original maturity of over three months held by the Group and the risk reserve deposits held for asset management business.

38 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December 2012		
		Financial liabilities	
	Financial liabilities held for trading	designated as at fair value through profit or loss	Total
Equity investments.....	110,157,324	—	110,157,324
Debt securities	132,106,533	—	132,106,533
Total	<u>242,263,857</u>	<u>—</u>	<u>242,263,857</u>
	As at 31 December 2013		
		Financial liabilities	
	Financial liabilities held for trading	designated as at fair value through profit or loss	Total
Equity investments.....	32,797,548	541,801,919	574,599,467
Debt securities	<u>213,690,131</u>	—	<u>213,690,131</u>
Total	<u>246,487,679</u>	<u>541,801,919</u>	<u>788,289,598</u>
	As at 31 December 2014		
		Financial liabilities	
	Financial liabilities held for trading	designated as at fair value through profit or loss	Total
Equity investments.....	81,290,082	7,228,287,398	7,309,577,480
Debt securities	<u>216,352,226</u>	—	<u>216,352,226</u>
Total	<u>297,642,308</u>	<u>7,228,287,398</u>	<u>7,525,929,706</u>

	As at 30 June 2015		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity investments.....	31,054,818	9,457,335,074	9,488,389,892
Debt securities	308,641,589	—	308,641,589
Total	<u>339,696,407</u>	<u>9,457,335,074</u>	<u>9,797,031,481</u>

The Company

	As at 31 December 2013		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity investments.....	—	—	—
Debt securities	97,330,795	—	97,330,795
Total	<u>97,330,795</u>	<u>—</u>	<u>97,330,795</u>

	As at 31 December 2014		
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	Total
Equity investments.....	6,579,480	—	6,579,480
Debt securities	60,483,871	—	60,483,871
Total	<u>67,063,351</u>	<u>—</u>	<u>67,063,351</u>

39 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Clients' deposits for brokerage trading	7,795,929,250	5,658,317,850	14,689,371,185	41,947,410,489
Clients' deposits for margin financing and securities lending .	20,616,146	47,871,818	364,893,160	857,486,606
Total	<u>7,816,545,396</u>	<u>5,706,189,668</u>	<u>15,054,264,345</u>	<u>42,804,897,095</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Clients' deposits for brokerage trading	5,772,939,365	4,014,929,332	8,215,798,087	30,820,865,550
Clients' deposits for margin financing and securities lending .	20,616,146	47,871,818	364,893,160	857,486,606
Total	<u>5,793,555,511</u>	<u>4,062,801,150</u>	<u>8,580,691,247</u>	<u>31,678,352,156</u>

Accounts payable to brokerage clients represents the monies received from and repayable to brokerage clients, which are mainly held at banks and clearing houses. Accounts payable to brokerage clients are interest bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under normal course of business. Only the amounts in excess of the required amount of margin deposits and cash collaterals are repayable on demand.

40 PLACEMENTS FROM FINANCIAL INSTITUTIONS

(a) Analyzed by funding source:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Placements from China Securities				
Finance Co. Ltd.	100,000,000	380,000,000	853,000,000	1,253,000,000
Others	280,000,000	146,325,600	676,569,000	1,025,193,000
Total	<u>380,000,000</u>	<u>526,325,600</u>	<u>1,529,569,000</u>	<u>2,278,193,000</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Placements from China Securities				
Finance Co. Ltd.	100,000,000	380,000,000	853,000,000	1,253,000,000
Others	280,000,000	—	—	—
Total	<u>380,000,000</u>	<u>380,000,000</u>	<u>853,000,000</u>	<u>1,253,000,000</u>

(b) Analyzed by residual maturity:

The Group

	As at 31 December						As at 30 June	
	2012		2013		2014		2015	
	Book value	Range of interest rate	Book value	Range of interest rate	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	280,000,000	0.0%-5.0%	146,325,600	0.0%-5.0%	361,021,000	0.0%-5.0%	1,025,193,000	0.0%-5.0%
	—	—	380,000,000	5.0%-10.0%	—	—	—	—
1 — 3 months (inclusive)	—	—	—	—	253,000,000	5.0%-10.0%	653,000,000	5.0%-10.0%
3 months — 1 year								
(inclusive).....	100,000,000	5.0%-10.0%	—	—	315,548,000	0.0%-5.0%	600,000,000	5.0%-10.0%
	—	—	—	—	600,000,000	5.0%-10.0%	—	—
Total.....	<u>380,000,000</u>		<u>526,325,600</u>		<u>1,529,569,000</u>		<u>2,278,193,000</u>	

The Company

	As at 31 December				As at 30 June			
	2012		2013		2014		2015	
	Book value	Range of interest rate	Book value	Range of interest rate	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	280,000,000	0.0%-5.0%	380,000,000	5.0%-10.0%	—	—	—	—
1 — 3 months (inclusive)	—	—	—	—	253,000,000	5.0%-10.0%	653,000,000	5.0%-10.0%
3 months — 1 year (inclusive).....	100,000,000	5.0%-10.0%	—	—	600,000,000	5.0%-10.0%	600,000,000	5.0%-10.0%
Total.....	<u>380,000,000</u>		<u>380,000,000</u>		<u>853,000,000</u>		<u>1,253,000,000</u>	

41 SHORT-TERM DEBT SECURITIES ISSUED

The Group and the Company

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Short-term commercial papers	(a)	—	1,000,000,000	800,000,000	1,600,000,000
Beneficiary certificates	(b)	—	—	100,000,000	1,470,000,000
Total		—	<u>1,000,000,000</u>	<u>900,000,000</u>	<u>3,070,000,000</u>

(a) Short-term commercial papers

Name	Issuance date	Maturity date	Nominal Interest rate	Book value as at 1 January		Book value as at 31 December	
				2013	Issuance	Redemption	2013
13 CICC CP001	22/02/2013	24/05/2013	3.60%	—	1,000,000,000	(1,000,000,000)	—
13 CICC CP002	22/05/2013	20/08/2013	3.84%	—	1,000,000,000	(1,000,000,000)	—
13 CICC CP003	25/10/2013	23/01/2014	5.20%	—	1,000,000,000	—	1,000,000,000
Total				—	<u>3,000,000,000</u>	<u>(2,000,000,000)</u>	<u>1,000,000,000</u>

Name	Issuance date	Maturity date	Nominal Interest rate	Book value as	Issuance	Redemption	Book value as
				at 1 January 2014			at 31 December 2014
13 CICC CP003	25/10/2013	23/01/2014	5.20%	1,000,000,000	—	(1,000,000,000)	—
14 CICC CP001	15/01/2014	15/04/2014	6.00%	—	1,000,000,000	(1,000,000,000)	—
14 CICC CP002	11/04/2014	10/07/2014	4.84%	—	1,000,000,000	(1,000,000,000)	—
14 CICC CP003	25/04/2014	24/07/2014	4.65%	—	1,000,000,000	(1,000,000,000)	—
14 CICC CP004	17/07/2014	15/10/2014	4.59%	—	800,000,000	(800,000,000)	—
14 CICC CP005	24/07/2014	22/10/2014	4.77%	—	700,000,000	(700,000,000)	—
14 CICC CP006	16/09/2014	15/12/2014	4.64%	—	1,000,000,000	(1,000,000,000)	—
14 CICC CP007	16/12/2014	16/03/2015	5.40%	—	800,000,000	—	800,000,000
Total				<u>1,000,000,000</u>	<u>6,300,000,000</u>	<u>(6,500,000,000)</u>	<u>800,000,000</u>

Name	Issuance date	Maturity date	Nominal Interest rate	Book value as	Issuance	Redemption	Book value as
				at 1 January 2015			at 30 June 2015
14 CICC CP007	16/12/2014	16/03/2015	5.40%	800,000,000	—	(800,000,000)	—
15 CICC CP001	14/01/2015	14/04/2015	4.90%	—	900,000,000	(900,000,000)	—
15 CICC CP002	19/03/2015	17/06/2015	4.90%	—	800,000,000	(800,000,000)	—
15 CICC CP003	10/04/2015	09/07/2015	4.80%	—	800,000,000	—	800,000,000
15 CICC CP004	19/06/2015	17/09/2015	3.55%	—	800,000,000	—	800,000,000
Total				<u>800,000,000</u>	<u>3,300,000,000</u>	<u>(2,500,000,000)</u>	<u>1,600,000,000</u>

(b) *Beneficiary certificates*

Name	Issuance date	Maturity date	Nominal Interest rate	Book value as	Issuance	Redemption	Book value as
				at 1 January 2014			at 31 December 2014
CICC Tianxinbao No.1 ...	26/12/2014	25/06/2015	5.80%	—	50,000,000	—	50,000,000
CICC Zhaozhaoniu No.1 ..	26/12/2014	25/06/2015	Floating interest rate	—	50,000,000	—	50,000,000
Total				<u>—</u>	<u>100,000,000</u>	<u>—</u>	<u>100,000,000</u>

Name	Issuance date	Maturity date	Nominal Interest rate	Book value as	Issuance	Redemption	Book value as
				at 1 January 2015			at 30 June 2015
CICC Tianxinbao No.1 ...	26/12/2014	25/06/2015	5.80%	50,000,000	—	(50,000,000)	—
CICC Zhaozhaoniu No.1 ..	26/12/2014	25/06/2015	Floating interest rate	50,000,000	—	(50,000,000)	—
CICC Tianxinbao No.3.....	27/03/2015	29/06/2015	5.50%	—	100,000,000	(100,000,000)	—
CICC Tianxinbao No.2.....	04/02/2015	04/08/2015	5.20%	—	60,000,000	—	60,000,000
CICC Tianxinbao No.4.....	02/04/2015	28/09/2015	5.70%	—	50,000,000	—	50,000,000
CICC Tianxinbao No.5.....	03/04/2015	06/07/2015	4.30%	—	10,000,000	—	10,000,000
CICC Tianxinbao No.6.....	08/04/2015	07/07/2015	5.62%	—	50,000,000	—	50,000,000
CICC Tianxinbao No.7.....	30/04/2015	27/10/2016	6.10%	—	300,000,000	—	300,000,000
CICC Tianxinbao No.8.....	08/05/2015	08/11/2016	6.20%	—	200,000,000	—	200,000,000
CICC Tianxinbao No.9.....	24/06/2015	23/12/2015	5.70%	—	50,000,000	—	50,000,000
CICC Tianxinbao No.10...	24/06/2015	23/12/2015	5.70%	—	100,000,000	—	100,000,000
CICC Tianxinbao No.11 ...	26/06/2015	23/12/2015	5.80%	—	100,000,000	—	100,000,000
CICC Tianxinbao No.12...	19/06/2015	16/12/2015	5.80%	—	50,000,000	—	50,000,000
CICC Tianxinbao No.13 ...	26/06/2015	23/12/2015	5.80%	—	100,000,000	—	100,000,000
CICC Fixed Return No.2..	12/05/2015	10/08/2015	5.60%	—	200,000,000	—	200,000,000
CICC Jinyintong No.1.....	03/04/2015	29/09/2015	6.05%	—	200,000,000	—	200,000,000
Total				<u>100,000,000</u>	<u>1,570,000,000</u>	<u>(200,000,000)</u>	<u>1,470,000,000</u>

Note: The floating interest rate is calculated based on Shanghai & Shenzhen 300 index.

42 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (“REPOS”)

(a) Analyzed by collateral type:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Debt securities	6,622,570,819	6,975,820,875	6,381,463,005	7,517,822,492
Others	—	300,000,000	1,969,000,000	2,382,000,000
Total	<u>6,622,570,819</u>	<u>7,275,820,875</u>	<u>8,350,463,005</u>	<u>9,899,822,492</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Debt securities	6,488,035,756	6,963,858,757	6,182,854,724	6,941,324,033
Others	—	300,000,000	1,969,000,000	2,382,000,000
Total	<u>6,488,035,756</u>	<u>7,263,858,757</u>	<u>8,151,854,724</u>	<u>9,323,324,033</u>

(b) Analyzed by market:**The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Inter-bank market	3,343,217,070	3,588,371,313	3,901,847,826	4,357,274,179
Stock exchanges	1,886,887,798	1,808,806,773	2,098,009,681	2,438,679,000
Over-the-counter market	1,392,465,951	1,878,642,789	2,350,605,498	3,103,869,313
Total	<u>6,622,570,819</u>	<u>7,275,820,875</u>	<u>8,350,463,005</u>	<u>9,899,822,492</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Inter-bank market	3,343,217,070	3,588,371,313	3,901,847,826	4,357,274,179
Stock exchanges	1,886,887,798	1,808,806,773	2,098,009,681	2,438,679,000
Over-the-counter market	1,257,930,888	1,866,680,671	2,151,997,217	2,527,370,854
Total	<u>6,488,035,756</u>	<u>7,263,858,757</u>	<u>8,151,854,724</u>	<u>9,323,324,033</u>

43 LONG-TERM DEBT SECURITIES ISSUED

The Group

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Due within one year					
- Subordinated bonds	(a)	2,298,446,266	—	—	—
Due after one year					
- Notes payable	(b)	1,037,107,500	1,005,988,500	1,009,635,000	1,008,744,000
- Subordinated bonds	(a)	—	3,000,000,000	3,000,000,000	5,000,000,000
Subtotal		1,037,107,500	4,005,988,500	4,009,635,000	6,008,744,000
Total		3,335,553,766	4,005,988,500	4,009,635,000	6,008,744,000
Fair value		3,518,653,003	4,130,497,547	4,019,831,342	6,170,337,576

The Company

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Due within one year					
- Subordinated bonds	(a)	2,298,446,266	—	—	—
Due after one year					
- Subordinated bonds	(a)	—	3,000,000,000	3,000,000,000	5,000,000,000
Subtotal		—	3,000,000,000	3,000,000,000	5,000,000,000
Total		2,298,446,266	3,000,000,000	3,000,000,000	5,000,000,000
Fair value		2,376,870,243	3,104,489,876	3,013,982,473	5,151,102,639

(a) Subordinated bonds:

Name	Issuance date	Maturity date	Nominal interest rate	Book value as at 1 January			Book value as at 31 December
				2012	Increase	Decrease	2012
07 subordinated bonds (i)	27/04/2007	27/04/2017	1st -5th years 4.5% 6th -10th years 7.5%	999,790,686	—	(999,790,686)	—
08 subordinated bonds (ii)	30/07/2008	30/07/2018	1st -5th years 6.3% 6th -10th years 9.3%	2,295,848,417	2,597,849	—	2,298,446,266
Total				3,295,639,103	2,597,849	(999,790,686)	2,298,446,266

Name	Issuance date	Maturity date	Nominal interest rate	Book value as	Increase	Decrease	Book value as
				at 1 January 2013			at 31 December 2013
08 subordinated bonds (ii)	30/07/2008	30/07/2018	1st -5th years 6.3% 6th -10th years 9.3%	2,298,446,266	—	(2,298,446,266)	—
13 subordinated bonds (iii)	25/07/2013	25/07/2019	1st -3rd years 6% 4th -6th years 9%	—	3,000,000,000	—	3,000,000,000
Total				<u>2,298,446,266</u>	<u>3,000,000,000</u>	<u>(2,298,446,266)</u>	<u>3,000,000,000</u>

Name	Issuance date	Maturity date	Nominal interest rate	Book value as	Increase	Decrease	Book value as
				at 1 January 2014			at 31 December 2014
13 subordinated bonds (iii)	25/07/2013	25/07/2019	1st -3rd years 6% 4th -6th years 9%	3,000,000,000	—	—	3,000,000,000
Total				<u>3,000,000,000</u>	<u>—</u>	<u>—</u>	<u>3,000,000,000</u>

Name	Issuance date	Maturity date	Nominal interest rate	Book value as	Increase	Decrease	Book value as
				at 1 January 2015			at 30 June 2015
13 subordinated bonds (iii)	25/07/2013	25/07/2019	1st -3rd years 6% 4th -6th years 9%	3,000,000,000	—	—	3,000,000,000
15 subordinated bonds (iv)	29/05/2015	29/05/2021	1st -3rd years 5.25% 4th -6th years 8.25%	—	2,000,000,000	—	2,000,000,000
Total				<u>3,000,000,000</u>	<u>2,000,000,000</u>	<u>—</u>	<u>5,000,000,000</u>

- (i) The Company issued subordinated bonds with a principal amount of RMB 1 billion on 27 April 2007. Interests of the subordinated bonds were paid annually. The Company has redeemed the bonds on 27 April 2012.
- (ii) The Company issued subordinated bonds with a principal amount of RMB 2.3 billion on 30 July 2008. Interests of the subordinated bonds were paid annually. The Company has redeemed the bonds on 30 July 2013.
- (iii) The Company issued subordinated bonds with a principal amount of RMB 3 billion on 25 July 2013. The subordinated bonds will mature on 25 July 2019. Interests of the subordinated bonds are paid annually. The Company has an option to redeem the bonds on 25 July 2016.
- (iv) The Company issued subordinated bonds with a principal amount of RMB 2 billion on 29 May 2015. The subordinated bonds will mature on 29 May 2021. Interests of the subordinated bones are paid annually. The Company has an option to redeem the bonds on 29 May 2018.

(b) *Notes payable:*

CICC Hong Kong issued notes with an aggregate principal amount of US dollars (“USD”) 165 million on 28 April 2011. The notes payable will mature on 28 April 2021. Interests of the notes are payable semi-annually. CICC Hong Kong has an option to redeem the notes partially or wholly after 28 April 2016.

44 OTHER CURRENT LIABILITIES**The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Taxes payable.....	107,792,233	63,269,983	241,798,859	143,445,920
Interests payable	83,611,470	115,149,050	116,284,255	250,986,261
Accrued expenses	171,821,021	169,534,467	202,190,291	193,244,613
Trade payable.....	426,294,095	1,622,045,710	2,726,239,521	5,848,608,339
Others	68,730,998	1,027,202,919	741,539,786	545,286,565
Total	<u>858,249,817</u>	<u>2,997,202,129</u>	<u>4,028,052,712</u>	<u>6,981,571,698</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Taxes payable.....	84,232,818	56,321,841	207,423,114	106,051,344
Interests payable	69,393,285	100,635,338	103,213,976	236,553,272
Accrued expenses	119,915,304	114,792,743	141,995,105	149,484,714
Trade payable.....	171,077,991	1,141,896,015	1,313,656,050	2,677,087,625
Others	45,403,488	111,630,686	77,419,767	114,104,253
Total	<u>490,022,886</u>	<u>1,525,276,623</u>	<u>1,843,708,012</u>	<u>3,283,281,208</u>

45 OTHER NON-CURRENT LIABILITIES**The Group**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Long-term borrowings	—	10,200,000	10,200,000	10,200,000
Long-term finance leases payable ..	<u>3,309,781</u>	<u>2,328,863</u>	<u>2,840,255</u>	<u>3,093,527</u>
Total	<u>3,309,781</u>	<u>12,528,863</u>	<u>13,040,255</u>	<u>13,293,527</u>

46 OTHER EQUITY INSTRUMENTS

The Company issued its 2015 perpetual subordinated bonds with a principal amount of RMB 1 billion on 29 May 2015. The interest rate of the perpetual subordinated bonds resets every 5 years thereafter based on a benchmark rate and a predetermined spread.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

47 RESERVES**(a) Capital reserve**

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Share premium (1)	—	—	—	3,018,080,267
Others (2)	<u>26,474,648</u>	<u>26,474,648</u>	<u>26,474,648</u>	<u>26,474,648</u>
Total	<u>26,474,648</u>	<u>26,474,648</u>	<u>26,474,648</u>	<u>3,044,554,915</u>

- (1) As required by the relevant PRC rules and regulations with respect to the conversion to a joint stock company with limited liability, the Company has transferred its retained profits, surplus reserve and investment revaluation reserve as at 31 December 2014 into its capital reserve as share premium.
- (2) Others mainly represent the difference arising from the redemption of preference shares by CICC Hong Kong in 1998.

The property and equipment, intangible assets and investment in subsidiaries of the Company were restated at their revalued amounts or deemed costs on 31 December 2014, resulting in a surplus on revaluation of RMB 2,294,895,015 being credited to capital reserve. The above valuation surplus is reversed in the Group's consolidated financial statements.

(b) Surplus reserve

The surplus reserve represents statutory surplus reserve. The Company is required to appropriate 10% of its net profit as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance of the PRC after offsetting prior year's accumulated loss, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the equity holders/shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before the capitalization.

(c) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Caijin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

(d) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net changes in fair values of available-for-sale financial assets held at the end of reporting period.

(e) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

48 COMMITMENTS**(a) Capital commitments**

Capital commitments outstanding at 31 December 2012, 2013 and 2014 and 30 June 2015 not provided for in the financial statements were as follows:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Contracted, but not provided for...	<u>125,762,059</u>	<u>265,127,223</u>	<u>220,115,472</u>	<u>387,451,143</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Contracted, but not provided for...	<u>3,904,337</u>	<u>9,712,622</u>	<u>11,683,024</u>	<u>18,603,345</u>

(b) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Within 1 year (inclusive).....	158,546,437	196,291,168	196,695,912	219,846,113
1 - 2 years (inclusive).....	184,541,275	162,711,796	155,787,759	146,145,629
2 - 3 years (inclusive).....	106,073,854	117,000,827	86,724,947	116,825,033
More than 3 years	250,805,795	146,312,908	140,214,792	122,836,349
Total	<u>699,967,361</u>	<u>622,316,699</u>	<u>579,423,410</u>	<u>605,653,124</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Within 1 year (inclusive).....	140,658,579	134,845,154	128,862,939	151,351,442
1 - 2 years (inclusive).....	122,774,245	103,249,797	97,734,496	116,652,774
2 - 3 years (inclusive).....	85,917,806	65,961,468	75,501,410	108,344,049
More than 3 years	189,500,655	142,232,848	111,053,508	97,266,585
Total	<u>538,851,285</u>	<u>446,289,267</u>	<u>413,152,353</u>	<u>473,614,850</u>

(c) Underwriting commitments

Underwriting commitments taken but not provided for by the Group as at 31 December 2013, 2014 and 30 June 2015 were RMB 420 million, RMB 3 billion and RMB 170 million respectively. There was no underwriting commitment taken but not provided for as at 31 December 2012.

49 INTERESTS IN STRUCTURED ENTITIES**(a) Interests in structured entities consolidated by the Group**

Structured entities consolidated by the Group are certain asset management products where the Group is involved as both manager and investor. The Group assesses whether the combination of its investments in these products and its remuneration generated from the investments creates an exposure to the variability of returns from the activities of these asset management products to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2013, 2014 and 30 June 2015 the total assets of the consolidated asset management products are RMB 694,677,775, RMB 652,964,507 and RMB 1,149,524,572 respectively, and the carrying amount of interests held by the Group in the consolidated asset management products are RMB 42,150,000, RMB 84,141,793 and RMB 799,461,220 respectively, which are accounted for as financial assets at fair value through profit or loss. No asset management product was consolidated by the Group as at 31 December 2012.

(b) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but holds an interest include wealth management products, asset management schemes, mutual funds, trust products, and other vehicles issued by other financial institutions.

The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through issuing units to investors.

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Carrying amount of interests held by the Group				
- Financial assets at fair value through profit or loss.....	567,942,030	739,793,049	365,005,617	608,286,227

The Group's exposure to the variable returns in these structured entities is not significant and the maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

(c) Interests in structured entities sponsored by the Group but not consolidated

Structured entities for which the Group serves as general partner or manager, therefore has power over them during the reporting periods include private equity funds, mutual funds, trust products and asset management products. These structured entities are mainly financed through issuing units to investors.

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Carrying amount of interests held by the Group				
- Financial assets at fair value through profit or loss.....	866,873	126,123,960	240,045,810	563,757,110
- Available-for-sale financial assets.....	369,493,987	287,685,266	352,162,337	300,893,342
- Accounts receivable.....	144,993,094	157,896,995	200,879,998	291,597,041

For the years ended 31 December 2012, 2013, 2014, and the six months ended 30 June 2015, the Group obtained management fee and performance fee amounting to RMB 301,759,091, RMB 374,198,699, RMB 521,216,448 and RMB 340,450,360 respectively from these unconsolidated structured entities.

The Group's exposure to the variable returns in these structured entities is not significant, except for those which have been consolidated by the Group as set out in Note 49(a). The maximum exposure to loss is limited to the carrying amount of the interests held by the Group presented above.

During the Relevant Periods, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support in the future.

50 CONTINGENCIES

The Group has no outstanding litigation which would have a material impact on its financial position as at 31 December 2012, 2013, 2014 and 30 June 2015.

51 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related party transactions with subsidiaries

Details of the Company's subsidiaries are disclosed in Note 56 (a).

(i) Related party transactions with the Company's subsidiaries

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage commission income	—	—	—	—	2,785,466
Investment advisory fees	47,901,504	9,414,281	1,357,075	1,257,793	534,463
Asset management fees	—	337,712	130,284	58,054	387,218
Interest income on fund lending...	—	1,604,384	—	—	—
Commission fees from selling financial products	—	—	732,970	—	—
Asset management expenses	(1,436,064)	(590,966)	(28,485)	(28,485)	—
Interest expense on REPOs	(241,641)	(526,408)	(281,294)	(281,294)	—

(ii) The balances of transactions between the Company and its subsidiaries

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Derivative financial assets.....	—	—	684,436	605,889
Accounts receivable	21,995,155	16,864,000	56,234,831	10,089,986
Accounts payable to brokerage clients.....	(892,236)	(795,285)	(158,837)	(60,306,236)
Other current liabilities	(2,065,726)	(5,803,114)	(1,797,936)	(2,193,547)
Derivative financial liabilities	—	—	—	(1,044,625)
Entrusted funds	95,148,173	20,000,000	65,335,373	136,313,974

(b) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 14, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Salaries, allowances and benefits in kind.....	12,744,932	10,803,941	11,282,395	5,292,817	6,870,463
Discretionary bonuses (Note)	36,411,799	47,633,923	34,625,047	15,531,796	—
Retirement scheme contributions..	169,980	157,033	185,047	85,152	137,620
Total	<u>49,326,711</u>	<u>58,594,897</u>	<u>46,092,489</u>	<u>20,909,765</u>	<u>7,008,083</u>

Note: The discretionary bonuses for the Group's management personnel of the six months ended 30 June 2015 have not yet been finalized.

Total remuneration of key management personnel is included in "staff costs" (see Note 13).

(c) **Related party transactions with major equity holders/shareholders**

(i) Related party transactions with the largest equity holder/shareholder and its related parties

The Group

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage commission income	2,442,305	3,327,847	3,310,905	99,858	9,456,822
Underwriting and sponsoring fees	12,231,407	81,845,032	75,752,671	2,000,000	5,767,895
Interest income	74,059,982	52,463,954	70,326,715	21,487,982	53,823,087
Asset management fees	43,380,058	47,086,460	60,826,993	14,396,460	17,275,996
Net gains from financial assets at fair value through profit or loss	35,880,128	76,188,241	106,229,693	63,254,541	12,978,598
Interest expenses.....	(138,047,744)	(92,683,145)	(33,144,325)	(14,220,582)	(19,988,071)
Option fees	(16,327,503)	(17,007,815)	(13,848,555)	(10,204,689)	—
Guarantee fee paid for subordinated bonds issued	(9,047,200)	(5,277,533)	—	—	—

(ii) Related party transactions with other major equity holders/shareholders and their related parties

The Group

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage commission income	10,877,268	18,409,434	33,953,777	10,713,209	26,745,594
Interest income	14,237	122,886	271,787	250,379	—
Interest expenses.....	(3,370)	(26,550)	(58,719)	(40,101)	(39,436)
Guarantee fee paid for subordinated bonds issued	(7,500,000)	(4,375,000)	—	—	—

(iii) The balances of transactions with the largest equity holder/shareholder and its related parties

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Subordinated bonds	(1,950,000,000)	(340,000,000)	(340,000,000)	(540,000,000)
Interest payable on subordinated bonds.....	(53,249,425)	(8,942,466)	(8,942,466)	(20,007,945)
Cash and bank balances (Note).....	3,930,281,283	2,475,469,617	4,345,104,062	17,425,394,365
Refundable deposits	83,093,829	21,244,386	4,510,548	21,722,800
Financial assets at fair value through profit or loss.....	999,527,529	1,844,511,427	802,744,202	554,880,150
REPOs	—	(49,352,255)	(1,209,800,000)	—
Reverse REPOs	—	80,000,000	—	—
Accounts payable to brokerage clients.....	(217,139)	(3,757,203)	(7,357,694)	(3,658,417,681)
Accounts receivable	3,445,746	2,782,613	1,636,886	4,475,659
Interest receivable	—	—	—	521,367
Guarantees received for subordinated bonds	1,850,000,000	—	—	—
Entrusted funds	13,146,061,941	10,839,089,830	12,294,536,177	20,940,441,251

Note: The balance of cash and bank balances with the largest equity holder/shareholder includes balance of cash and bank balances and cash held on behalf of brokerage clients.

(iv) The balances of transactions with other major equity holders/shareholders and their related parties

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Accounts receivable	211,947	6,730,286	216,651	15,284
Accounts payable to brokerage clients.....	(2,976,791)	(3,966,053)	(23,931)	(5,526,219)
Other current liabilities	—	—	—	(6,581,915)
Guarantees received for subordinated bonds	1,850,000,000	—	—	—

- (v) The Company entered into agreements with China Jianyin Investment Ltd. (“Jianyin Investment”) to acquire the entire equity interest of Fortune Futures Co., Ltd. (“Fortune Futures”) for an consideration of RMB 247,653,726, equaling to the fair value of net assets of Fortune Futures at 31 December 2012 which was valued by a qualified appraiser and the profit and other comprehensive income of Fortune Futures from 1 January 2013 to the date of acquisition.
- (d) Related party transactions with the Group’s associates and joint ventures
- (i) Details of the Group’s associates and joint ventures are disclosed in Note 24.
- (ii) Related party transactions with associates and their related parties

The Group

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Brokerage commission income	8,304,774	10,794,223	—	—	2,150,411
Asset management fees	4,960,773	8,971,482	1,712,792	1,202,635	8
Investment advisory fees	2,067,890	2,002,069	2,002,069	992,807	3,292,807

- (iii) The balances of transactions with associates and their related parties

The Group

	As at 31 December			As at 30 June	
	2012	2013	2014	2015	
Accounts receivable	65,821	2,067,890	4,069,959	5,062,766	
Entrusted funds	2,449,648,496	537,217,062	—	—	

52 SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organization, management requirements and internal reporting system. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group’s management for the purposes of resources allocation and performance evaluation; and
- for which financial information regarding financial position, results of operations and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- the nature of services;
- the type or class of customers for the services;
- the methods used to provide the services; and
- the nature of the regulatory environment.

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments. A summary of the operating segments is as follows:

- the Investment Banking segment provides investment banking services, including equity financing, debt and structured financing and financial advisory services as well as NEEQ services, to clients in the PRC and overseas.
- the Equity Sales and Trading segment provides a wide range of equity sales and trading services, including brokerage services and capital-based intermediary services, to institutional investors, including financial institutions, corporations and governmental entities.
- the FICC segment engages in trading of financial products, including fixed-income, equities, currencies and commodities products, using the Group's own capital, as well as for clients facilitation purposes. It also provides product structuring, fixed income distribution and futures brokerage services.
- the Wealth Management segment provides a wide range of wealth management products and services, consisting of advisory services, transactional services, capital-based intermediary services and product services, to high-net-worth individuals, family offices and corporate clients.
- the Investment Management designs and provides a wide range of asset management products and services for domestic and overseas investors. It also manages mutual funds, private equity funds as well as funds of funds.
- the Others segment mainly comprises of other business departments and back offices.

(a) Segment results

	Year ended 31 December 2012						
	Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
—Fee and commission income ..	1,247,896,042	978,737,587	78,339,321	371,754,130	277,675,127	21,150,020	2,975,552,227
—Interest income	1,971,136	106,354,186	25,567,804	65,880,337	1,580,196	60,542,088	261,895,747
—Investment income	4,869,572	(6,138,923)	812,941,304	2,764,255	(1,907,880)	1,883,141	814,411,469
—Other income and gains	100,352	622,878	80,695	8,924,766	286,002	37,199,375	47,214,068
Segment revenue and other income.	1,254,837,102	1,079,575,728	916,929,124	449,323,488	277,633,445	120,774,624	4,099,073,511
Segment expenses.....	(839,140,394)	(553,800,725)	(611,128,975)	(348,813,612)	(229,272,546)	(1,101,844,647)	(3,684,000,899)
Segment operating profit/(loss).....	415,696,708	525,775,003	305,800,149	100,509,876	48,360,899	(981,070,023)	415,072,612
Share of profits of associates and joint ventures	—	—	—	—	28,618,887	13,588,204	42,207,091
Profit/(loss) before income tax	415,696,708	525,775,003	305,800,149	100,509,876	76,979,786	(967,481,819)	457,279,703
Interest expenses (Note)	(2,793,152)	(70,622,471)	(410,191,010)	(28,685,491)	(21,365,807)	18,958,594	(514,699,337)
Depreciation and amortization expenses.....	(8,421,824)	(22,057,544)	(3,461,386)	(20,270,102)	(6,204,431)	(88,418,988)	(148,834,275)
Impairment losses.....	—	—	—	—	—	—	—
	Year ended 31 December 2013						
	Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
—Fee and commission income ..	1,004,660,658	1,081,845,743	65,687,864	450,031,911	387,282,840	4,661,088	2,994,170,104
—Interest income	26,250	109,898,741	21,815,477	134,085,928	2,494,530	56,973,592	325,294,518
—Investment income	11,109,876	15,238,181	613,152,688	14,112,223	51,984,204	1,743,176	707,340,348
—Other income and gains	212,474	329,200	4,151	9,504,405	3,457,502	24,529,735	38,037,467
Segment revenue and other income.	1,016,009,258	1,207,311,865	700,660,180	607,734,467	445,219,076	87,907,591	4,064,842,437
Segment expenses.....	(719,769,077)	(556,428,260)	(684,068,901)	(414,325,295)	(295,540,643)	(942,075,790)	(3,612,207,966)
Segment operating profit/(loss).....	296,240,181	650,883,605	16,591,279	193,409,172	149,678,433	(854,168,199)	452,634,471
Share of profits of associates and joint ventures	—	—	—	—	27,925,137	20,967,284	48,892,421
Profit/(loss) before income tax	296,240,181	650,883,605	16,591,279	193,409,172	177,603,570	(833,200,915)	501,526,892
Interest expenses (Note)	(5,318,857)	(81,436,466)	(514,464,643)	(77,900,719)	(41,664,425)	76,404,122	(644,380,988)
Depreciation and amortization expenses.....	(2,002,116)	(13,515,892)	(2,195,728)	(18,135,507)	(3,566,304)	(70,914,796)	(110,330,343)
Impairment losses.....	(2,336,325)	—	—	—	(23,185,714)	—	(25,522,039)

APPENDIX I
ACCOUNTANTS' REPORT
Year ended 31 December 2014

	Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
—Fee and commission income ..	1,650,038,177	1,289,878,963	71,926,343	564,217,436	575,325,563	500,291	4,151,886,773
—Interest income	18,224,566	128,954,793	22,613,105	239,332,667	5,780,119	34,902,895	449,808,145
—Investment income	14,391,223	243,108,537	1,201,388,061	33,765,107	27,332,654	6,783,665	1,526,769,247
—Other income and gains	243,343	1,023,318	150	3,947,594	2,404,897	19,707,877	27,327,179
Segment revenue and other income.	1,682,897,309	1,662,965,611	1,295,927,659	841,262,804	610,843,233	61,894,728	6,155,791,344
Segment expenses.....	(1,127,965,951)	(749,763,484)	(710,049,995)	(592,815,847)	(514,511,077)	(1,022,601,882)	(4,717,708,236)
Segment operating profit/(loss).....	554,931,358	913,202,127	585,877,664	248,446,957	96,332,156	(960,707,154)	1,438,083,108
Share of profits of associates and joint ventures	—	—	—	—	40,658,630	27,114,982	67,773,612
Profit/(loss) before income tax	554,931,358	913,202,127	585,877,664	248,446,957	136,990,786	(933,592,172)	1,505,856,720
Interest expenses (Note).....	(10,253,039)	(158,827,495)	(445,747,729)	(153,763,817)	(55,641,091)	82,151,386	(742,081,785)
Depreciation and amortization expenses.....	(781,951)	(9,031,312)	(749,915)	(12,725,762)	(4,170,174)	(32,451,820)	(59,910,934)
(Provision)/reversal for impairment losses	(29,652,265)	(91,273)	183,118	(671,278)	(1,388,198)	—	(31,619,896)

Six months ended 30 June 2014 (Unaudited)

	Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
—Fee and commission income ..	492,043,777	474,863,396	37,907,496	197,604,767	188,704,879	248,176	1,391,372,491
—Interest income	26,250	62,069,383	12,119,328	100,442,120	2,475,099	19,053,503	196,185,683
—Investment income	10,426,499	78,292,292	634,182,858	15,737,254	16,931,890	1,751,234	757,322,027
—Other income and gains	94,905	479,142	—	441,377	2,353,198	10,741,987	14,110,609
Segment revenue and other income.	502,591,431	615,704,213	684,209,682	314,225,518	210,465,066	31,794,900	2,358,990,810
Segment expenses.....	(367,209,175)	(293,239,004)	(304,199,235)	(256,925,830)	(163,971,736)	(489,058,411)	(1,874,603,391)
Segment operating profit/(loss).....	135,382,256	322,465,209	380,010,447	57,299,688	46,493,330	(457,263,511)	484,387,419
Share of profits of associates and joint ventures	—	—	—	—	943,756	10,842,075	11,785,831
Profit/(loss) before income tax	135,382,256	322,465,209	380,010,447	57,299,688	47,437,086	(446,421,436)	496,173,250
Interest expenses (Note).....	(4,754,089)	(67,789,220)	(224,298,317)	(67,204,319)	(22,076,565)	35,836,307	(350,286,203)
Depreciation and amortization expenses.....	(411,389)	(5,074,126)	(465,811)	(5,806,533)	(1,670,378)	(21,043,082)	(34,471,319)
(Provision)/reversal for impairment losses	(35,412,928)	—	103,232	—	—	—	(35,309,696)

	Six months ended 30 June 2015						
	Investment Banking	Equity Sales and Trading	FICC	Wealth Management	Investment Management	Others	Total
Segment revenue							
—Fee and commission income ..	991,443,774	1,136,301,421	42,978,790	560,019,084	388,013,406	94,084	3,118,850,559
—Interest income	657,623	108,476,691	4,393,520	267,849,228	3,523,703	34,213,436	419,114,201
—Investment income	5,261,925	239,854,906	947,839,659	69,661,867	47,603,802	3,477,004	1,313,699,163
—Other income and gains	139,814	637,408	—	2,415,216	9,557,000	16,625,300	29,374,738
Segment revenue and other income.	997,503,136	1,485,270,426	995,211,969	899,945,395	448,697,911	54,409,824	4,881,038,661
Segment expenses.....	(775,650,460)	(532,382,737)	(447,448,991)	(538,641,999)	(326,743,928)	(783,903,203)	(3,404,771,318)
Segment operating profit/(loss).....	221,852,676	952,887,689	547,762,978	361,303,396	121,953,983	(729,493,379)	1,476,267,343
Share of profits of associates and joint ventures	—	—	—	—	32,185,785	3,973,621	36,159,406
Profit/(loss) before income tax	221,852,676	952,887,689	547,762,978	361,303,396	154,139,768	(725,519,758)	1,512,426,749
Interest expenses (Note).....	(2,890,673)	(126,627,094)	(226,541,626)	(167,434,840)	(24,245,470)	37,627,897	(510,111,806)
Depreciation and amortization expenses.....	(379,290)	(2,679,637)	(228,715)	(7,130,257)	(2,711,350)	(10,417,569)	(23,546,818)
Reversal/(provision) for impairment losses.....	10,586,752	—	(68,000)	—	(2,446,118)	—	8,072,634

Note: The Group calculates internal interest expenses for the reportable segments according to the capital used during the Relevant Periods for the purpose of measuring their operating performance and improving the efficiencies of capital management.

(b) Geographical information

The following table sets out the Group's operating income from external clients and the Group's non-current assets (excluding financial instruments, deferred tax assets, same as below) in terms of geographical locations. The geographical locations of the operating income from external clients are identified based on the locations of the clients to whom the services are rendered. The geographical locations of the non-current assets are identified based on the locations where the fixed assets are located or the intangible assets are allocated or the associates and joint ventures operate.

	Revenues and other income from external customers				
	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Mainland China	3,034,079,038	3,084,850,246	4,437,812,602	1,827,218,688	3,934,240,903
Overseas.....	1,064,994,473	979,992,191	1,717,978,742	531,772,122	946,797,758
Total.....	4,099,073,511	4,064,842,437	6,155,791,344	2,358,990,810	4,881,038,661

	Non-current assets			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Mainland China.....	732,038,728	734,974,156	905,149,887	1,159,781,633
Overseas	85,877,796	82,602,124	181,189,422	197,342,955
Total	<u>817,916,524</u>	<u>817,576,280</u>	<u>1,086,339,309</u>	<u>1,357,124,588</u>

Reconciliation of segment non-current assets:

	Non-current assets			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Total non-current assets for segments	1,420,358,524	1,420,018,280	1,788,781,309	2,109,566,588
Elimination of inter-segment non-current assets	<u>(602,442,000)</u>	<u>(602,442,000)</u>	<u>(702,442,000)</u>	<u>(752,442,000)</u>
Total	<u>817,916,524</u>	<u>817,576,280</u>	<u>1,086,339,309</u>	<u>1,357,124,588</u>

(c) Major clients

The Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue for the Relevant Periods.

53 FAIR VALUE INFORMATION

The Group adopts the following methods and assumptions when evaluating fair values:

- (i) Financial assets including cash and bank balances, cash held on behalf of brokerage clients, reverse REPOs and financial liabilities including placements from financial institutions and REPOs, are mainly instruments with floating interest rates or short-term financing. Accordingly, their carrying amounts approximate the fair values.
- (ii) Financial assets at fair value through profit or loss, derivatives and available-for-sale financial assets are stated at fair value unless the fair values cannot be reliably measured. For the financial instruments traded in active markets, the Group uses market prices or market rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.

- (iii) The fair values of short-term and long-term debt securities issued are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as similar credit risk and maturity, to estimate the fair values using pricing models or discounted cash flow. The fair values of long-term debt securities issued are disclosed in Note 43. The carrying amounts of short-term debt securities issued approximate to their fair values.
- (iv) Accounts receivable and accounts payable to brokerage clients are due mainly within one year. Accordingly, the carrying amounts approximate the fair values.

(a) Financial assets and liabilities measured at fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

The table below analyzes financial instruments measured at fair value at the end of the Relevant Periods, by the level in the fair value hierarchy into which the fair value measurement is categorized:

The Group

	As at 31 December 2012			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value				
through profit or loss				
Financial assets held for trading				
- Equity investments	836,234,439	—	—	836,234,439
- Debt securities	3,296,729,100	7,274,875,777	—	10,571,604,877
- Funds and other investments	54,573,321	452,852,542	—	507,425,863
Financial assets designated as at fair value through profit or loss				
- Equity investments	—	—	—	—
- Debt securities	—	—	—	—
- Funds and other investments	—	9,501,361	—	9,501,361
Derivative financial assets	—	368,934,558	—	368,934,558
Available-for-sale financial assets				
- Equity investments	34,295,541	61,410,819	328,083,168	423,789,528
- Funds and others investments ..	10,368,806	99,455,000	7,000,000	116,823,806
Total	4,232,201,207	8,267,030,057	335,083,168	12,834,314,432
Liabilities				
Financial liabilities at fair value				
through profit or loss				
Financial liabilities held for trading				
- Equity investments	(110,157,324)	—	—	(110,157,324)
- Debt securities	—	(132,106,533)	—	(132,106,533)
Derivatives financial liabilities	—	(363,710,102)	—	(363,710,102)
Total	(110,157,324)	(495,816,635)	—	(605,973,959)

	As at 31 December 2013			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Equity investments	138,439,520	—	—	138,439,520
- Debt securities	2,332,934,593	8,584,401,952	—	10,917,336,545
- Funds and other investments	27,777,290	586,477,060	—	614,254,350
Financial assets designated as at fair value through profit or loss				
- Equity investments	584,723,354	—	—	584,723,354
- Debt securities	—	57,000,000	—	57,000,000
- Funds and other investments	—	474,864,173	165,095,364	639,959,537
Derivative financial assets	10,565,117	1,347,480,071	—	1,358,045,188
Available-for-sale financial assets				
- Equity investments	21,245,972	12,784,559	304,210,707	338,241,238
- Funds and other investments	9,778,796	—	—	9,778,796
Total	<u>3,125,464,642</u>	<u>11,063,007,815</u>	<u>469,306,071</u>	<u>14,657,778,528</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Equity investments	(32,797,548)	—	—	(32,797,548)
- Debt securities	—	(213,690,131)	—	(213,690,131)
Financial liabilities designated as at fair value through profit or loss				
- Equity investments	(541,801,919)	—	—	(541,801,919)
Derivatives financial liabilities	(10,604,204)	(1,327,267,573)	—	(1,337,871,777)
Total	<u>(585,203,671)</u>	<u>(1,540,957,704)</u>	<u>—</u>	<u>(2,126,161,375)</u>

	As at 31 December 2014			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value				
through profit or loss				
Financial assets held for trading				
- Equity investments	1,987,342,058	—	—	1,987,342,058
- Debt securities	2,491,456,286	8,259,157,566	—	10,750,613,852
- Funds and other investments	36,098,778	260,584,336	—	296,683,114
Financial assets designated as at fair value through profit or loss				
- Equity investments	7,752,346,039	—	—	7,752,346,039
- Debt securities	—	95,000,000	—	95,000,000
- Funds and other investments	—	650,128,342	121,611,838	771,740,180
Derivative financial assets	24,151,641	708,656,501	—	732,808,142
Available-for-sale financial assets				
- Equity investments	24,693,897	—	388,451,021	413,144,918
- Funds and other investments	20,816,763	—	—	20,816,763
Total	12,336,905,462	9,973,526,745	510,062,859	22,820,495,066
Liabilities				
Financial liabilities at fair value				
through profit or loss				
Financial liabilities held for trading				
- Equity investments	(81,290,082)	—	—	(81,290,082)
- Debt securities	—	(216,352,226)	—	(216,352,226)
Financial liabilities designated as at fair value through profit or loss				
- Equity investments	—	(7,228,287,398)	—	(7,228,287,398)
Derivatives financial liabilities	(24,130,839)	(682,364,416)	(31,310,440)	(737,805,695)
Total	(105,420,921)	(8,127,004,040)	(31,310,440)	(8,263,735,401)

	As at 30 June 2015			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Equity investments.....	5,221,155,612	743,031,456	—	5,964,187,068
- Debt securities.....	3,560,592,393	9,531,453,184	—	13,092,045,577
- Funds and other investments.....	61,631,025	1,030,955,968	—	1,092,586,993
Financial assets designated as at fair value through profit or loss				
- Equity investments.....	9,572,563,586	508,897,114	—	10,081,460,700
- Funds and other investments.....	17,936,320	480,057,198	89,138,085	587,131,603
Derivative financial assets	41,824,270	1,190,921,873	—	1,232,746,143
Available-for-sale financial assets				
- Equity investments.....	27,491,774	—	487,617,722	515,109,496
- Funds and other investments .	1,323,067	—	—	1,323,067
Total	18,504,518,047	13,485,316,793	576,755,807	32,566,590,647
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Equity investments.....	(31,054,818)	—	—	(31,054,818)
- Debt securities.....	—	(308,641,589)	—	(308,641,589)
Financial liabilities designated as at fair value through profit or loss				
- Equity investments.....	—	(9,457,335,074)	—	(9,457,335,074)
Derivatives financial liabilities....	(7,282,020)	(1,189,460,851)	(58,187,161)	(1,254,930,032)
Total	(38,336,838)	(10,955,437,514)	(58,187,161)	(11,051,961,513)

The Company

	As at 31 December 2012			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Equity investments	651,564,156	—	—	651,564,156
- Debt securities	2,316,116,310	7,274,875,777	—	9,590,992,087
- Funds and other investments	54,573,321	452,852,542	—	507,425,863
Financial assets designated as at fair value through profit or loss				
- Equity investments	—	—	—	—
- Funds and other investments	—	8,218,600	—	8,218,600
Derivative financial assets	—	51,447,973	—	51,447,973
Available-for-sale financial assets				
- Equity investments	1,038,125	—	—	1,038,125
- Funds and other investments	10,368,806	—	7,000,000	17,368,806
Total	<u>3,033,660,718</u>	<u>7,787,394,892</u>	<u>7,000,000</u>	<u>10,828,055,610</u>
Liabilities				
Derivatives financial liabilities	—	(54,296,115)	—	(54,296,115)
Total	<u>—</u>	<u>(54,296,115)</u>	<u>—</u>	<u>(54,296,115)</u>

	As at 31 December 2013			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value				
through profit or loss				
Financial assets held for trading				
- Equity investments	64,926,362	—	—	64,926,362
- Debt securities	2,257,743,623	7,955,754,888	—	10,213,498,511
- Funds and other investments	1,474,371	586,477,060	—	587,951,431
Financial assets designated as at fair value through profit or loss				
- Equity investments	—	—	—	—
- Funds and other investments	—	56,229,948	10,267,897	66,497,845
Derivative financial assets	—	116,960,947	—	116,960,947
Available-for-sale financial assets				
- Equity investments	—	—	—	—
- Funds and other investments	9,778,796	—	—	9,778,796
Total	<u>2,333,923,152</u>	<u>8,715,422,843</u>	<u>10,267,897</u>	<u>11,059,613,892</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Debt securities	—	(97,330,795)	—	(97,330,795)
Derivatives financial liabilities	—	(144,094,160)	—	(144,094,160)
Total	<u>—</u>	<u>(241,424,955)</u>	<u>—</u>	<u>(241,424,955)</u>

	As at 31 December 2014			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value				
through profit or loss				
Financial assets held for trading				
- Equity investments	1,881,594,628	—	—	1,881,594,628
- Debt securities	2,412,210,703	6,925,597,290	—	9,337,807,993
- Funds and other investments	36,098,778	250,543,932	—	286,642,710
Financial assets designated as at fair value through profit or loss				
- Equity investments	—	—	—	—
- Funds and other investments	—	65,110,434	12,080,700	77,191,134
Derivative financial assets	—	263,706,751	—	263,706,751
Available-for-sale financial assets				
- Equity investments	—	—	—	—
- Funds and other investments	20,816,763	—	—	20,816,763
Total	<u>4,350,720,872</u>	<u>7,504,958,407</u>	<u>12,080,700</u>	<u>11,867,759,979</u>
Liabilities				
Financial liabilities at fair value				
through profit or loss				
Financial liabilities held for trading				
- Equity investments	(6,579,480)	—	—	(6,579,480)
- Debt securities	—	(60,483,871)	—	(60,483,871)
Derivatives financial liabilities	—	(189,340,476)	—	(189,340,476)
Total	<u>(6,579,480)</u>	<u>(249,824,347)</u>	<u>—</u>	<u>(256,403,827)</u>

	As at 30 June 2015			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Equity investments	3,094,784,126	596,084,624	—	3,690,868,750
- Debt securities	3,402,078,360	7,652,703,565	—	11,054,781,925
- Funds and other investments	17,953,139	860,893,801	—	878,846,940
Financial assets designated as at fair value through profit or loss				
- Equity investments	—	—	—	—
- Debt securities	—	—	—	—
- Funds and other investments	—	118,856,959	—	118,856,959
Derivative financial assets	—	514,086,504	—	514,086,504
Available-for-sale financial assets				
- Equity investments	—	—	—	—
- Funds and other investments	1,323,067	—	—	1,323,067
Total	<u>6,516,138,692</u>	<u>9,742,625,453</u>	<u>—</u>	<u>16,258,764,145</u>
Liabilities				
Derivatives financial liabilities	—	(500,774,183)	—	(500,774,183)
Total	<u>—</u>	<u>(500,774,183)</u>	<u>—</u>	<u>(500,774,183)</u>

(i) At 30 June 2015, investment in certain suspended stocks which were classified as financial assets held for trading and financial assets designated as at fair value through profit or loss of the Group with the carrying amount of RMB 723,039,608 and RMB 391,261,137, respectively, were transferred from Level I to Level II as the quoted prices of these stocks were no longer regularly available. Investment in certain suspended stocks which were classified as financial assets held for trading of the Company with the carrying amount of RMB 582,343,276 were transferred from Level I to Level II for the same reason at 30 June 2015. For the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2015, there were no other significant transfer between Level I and Level II of the fair value hierarchy.

(ii) Valuation techniques and inputs used in Level II fair value measurements

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the Relevant Periods, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(iii) Information about Level III fair value measurements

As at 31 December 2012, 2013, 2014 and 30 June 2015, it is estimated that the sensitivity of the Group's profit or loss and other comprehensive income to the fluctuation of parameters used in Level III fair value measurements is not significant.

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

The Group

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Total
As at 1 January 2012	—	251,052,987	251,052,987
Gains or losses for the year	—	—	—
Changes in fair value recognized in other comprehensive income	—	18,340,455	18,340,455
Purchases	—	65,689,726	65,689,726
Sales and settlements	—	—	—
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 31 December 2012	<u>—</u>	<u>335,083,168</u>	<u>335,083,168</u>
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	<u>—</u>	<u>—</u>	<u>—</u>
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Total
As at 1 January 2013	—	335,083,168	335,083,168
Gains or losses for the year	3,641,864	3,953,183	7,595,047
Changes in fair value recognized in other comprehensive income	—	(13,943,890)	(13,943,890)
Purchases	161,453,500	23,158,689	184,612,189
Sales and settlements	—	(44,040,443)	(44,040,443)
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 31 December 2013	<u>165,095,364</u>	<u>304,210,707</u>	<u>469,306,071</u>
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	<u>3,641,864</u>	<u>22,687,556</u>	<u>26,329,420</u>

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivatives financial instruments	Total
As at 1 January 2014	165,095,364	304,210,707	—	469,306,071
Gains or losses for the year.....	6,184,974	4,729,728	(31,310,440)	(20,395,738)
Changes in fair value recognized in other comprehensive income	—	1,615,057	—	1,615,057
Purchases	331,500	77,895,529	—	78,227,029
Sales and settlements	(50,000,000)	—	—	(50,000,000)
Transfer into Level III.....	—	—	—	—
Transfer out of Level III	—	—	—	—
As at 31 December 2014	<u>121,611,838</u>	<u>388,451,021</u>	<u>(31,310,440)</u>	<u>478,752,419</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>6,754,835</u>	<u>4,729,728</u>	<u>(31,310,440)</u>	<u>(19,825,877)</u>

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivatives financial instruments	Total
As at 1 January 2015	121,611,838	388,451,021	(31,310,440)	478,752,419
Gains or losses for the period	(5,317,985)	15,800,295	(26,876,721)	(16,394,411)
Changes in fair value recognized in other comprehensive income	—	13,907,560	—	13,907,560
Purchases	—	69,458,846	—	69,458,846
Sales and settlements	(27,155,768)	—	—	(27,155,768)
Transfer into Level III.....	—	—	—	—
Transfer out of Level III	—	—	—	—
As at 30 June 2015	<u>89,138,085</u>	<u>487,617,722</u>	<u>(58,187,161)</u>	<u>518,568,646</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>4,508,853</u>	<u>15,800,295</u>	<u>(26,876,721)</u>	<u>(6,567,573)</u>

The Company

	Financial assets		Total
	at fair value through profit or loss	Available- for-sale financial assets	
As at 1 January 2012	—	—	—
Gains or losses for the year	—	—	—
Changes in fair value recognized in other comprehensive income	—	—	—
Purchases	—	7,000,000	7,000,000
Sales and settlements	—	—	—
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 31 December 2012	<u>—</u>	<u>7,000,000</u>	<u>7,000,000</u>
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	<u>—</u>	<u>—</u>	<u>—</u>
	Financial assets		Total
	at fair value through profit or loss	Available- for-sale financial assets	
As at 1 January 2013	—	7,000,000	7,000,000
Gains or losses for the year	267,897	—	267,897
Changes in fair value recognized in other comprehensive income	—	—	—
Purchases	10,000,000	—	10,000,000
Sales and settlements	—	(7,000,000)	(7,000,000)
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 31 December 2013	<u>10,267,897</u>	<u>—</u>	<u>10,267,897</u>
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	<u>267,897</u>	<u>—</u>	<u>267,897</u>

	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Total
As at 1 January 2014	10,267,897	—	10,267,897
Gains or losses for the year	2,812,803	—	2,812,803
Changes in fair value recognized in other comprehensive income	—	—	—
Purchases	—	—	—
Sales and settlements	(1,000,000)	—	(1,000,000)
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 31 December 2014	<u>12,080,700</u>	<u>—</u>	<u>12,080,700</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>2,824,200</u>	<u>—</u>	<u>2,824,200</u>
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Total
As at 1 January 2015	12,080,700	—	12,080,700
Gains or losses for the period	(3,080,700)	—	(3,080,700)
Changes in fair value recognized in other comprehensive income	—	—	—
Purchases	—	—	—
Sales and settlements	(9,000,000)	—	(9,000,000)
Transfer into Level III	—	—	—
Transfer out of Level III	—	—	—
As at 30 June 2015	<u>—</u>	<u>—</u>	<u>—</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>—</u>	<u>—</u>	<u>—</u>

For financial instruments in Level III, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level III of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the related valuation techniques and inputs of the major financial instruments in Level III.

Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Funds and other investments.....	Level III	Allocated net asset value	Net asset value	The higher the allocated net asset value, the higher the fair value
Unlisted equity investments.....	Level III	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value

(b) **Fair value of financial assets and liabilities carried at other than fair value**

The fair values of long-term debt securities issued have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the Company, which are classified as Level II categories and disclosed in Note 43.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the Group and the Company's statements of financial position approximate their fair values.

54 FINANCIAL RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, market risk, liquidity risk and operational risk from its use of financial instruments.

(a) **Credit risk**

Credit risk represents the potential loss that may arise from the failure of counterparties, clients, intermediary institutions, bond issuers or other business associates to meet their contracted obligation to the Group.

Currently, the Group's exposure to credit risk arises from: (1) direct credit risk from debt borrowers (including borrowers in margin financing and securities lending business) or bond issuers' default or bankruptcy, including the loss due to intermediary institutions such as brokers or custodian banks. The risk exposure is the total value of the debt outstanding; (2) counterparty credit risk from a counterparty's default on the over-the-counter derivative transactions, such as swap or forward. The risk exposure is determined by the change in the market prices of the derivatives; (3) settlement risk from a business associate's failure in delivery of fund or securities when the Group has fulfilled its delivery obligation.

To mitigate direct credit risk, the Group has set up investment criteria and limits based on bonds variety, credit ratings and issuers. For margin financing and securities lending and reverse REPOs, the Group undertakes various means to mitigate the direct credit risk, including holding collaterals from clients, reviewing and setting client trading limits, managing the underlying securities and collaterals and their conversion ratios, real-time and day-end monitoring, executing margin calls and forced liquidations, undertaking recourse actions.

(i) *Maximum exposure to credit risk of the Group and the Company without taking into account of any collateral or other credit enhancements*

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Refundable deposits	198,541,761	220,167,931	325,017,473	533,286,830
Financial assets at fair value				
through profit or loss.....	10,571,604,877	10,974,336,545	10,845,613,852	13,092,045,577
Derivative financial assets	363,169,008	1,347,356,227	707,812,289	1,218,074,900
Reverse REPOs	438,584,094	2,499,012,448	1,621,848,431	1,385,913,775
Receivable from margin				
clients	543,712,079	2,097,538,132	3,458,003,477	7,200,704,998
Cash held on behalf of				
brokerage clients	6,931,387,242	5,235,512,213	11,084,580,427	36,319,109,634
Bank balances	4,034,104,335	3,095,905,871	3,418,048,104	6,149,082,693
Accounts receivable	1,996,940,373	3,443,547,911	8,335,721,064	9,193,251,198
Others	242,675,492	307,251,876	341,953,007	347,613,940
Total maximum credit risk				
exposure	<u>25,320,719,261</u>	<u>29,220,629,154</u>	<u>40,138,598,124</u>	<u>75,439,083,545</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Refundable deposits	195,997,242	187,564,968	259,387,151	441,848,462
Financial assets at fair value through profit or loss.....	9,590,992,087	10,213,498,511	9,337,807,993	11,054,781,925
Derivative financial assets	51,447,973	116,960,947	263,706,751	514,086,504
Reverse REPOs	282,803,000	2,166,387,681	1,447,295,261	758,055,400
Receivable from margin clients	412,790,034	1,567,564,206	3,080,736,883	6,453,481,627
Cash held on behalf of brokerage clients	5,755,345,581	4,047,460,505	8,564,784,692	31,638,928,505
Bank balances	2,082,147,346	1,206,965,821	1,739,818,940	4,063,561,105
Accounts receivable	599,986,953	2,044,143,742	2,314,285,696	2,208,355,493
Others	227,836,499	289,152,666	320,273,475	321,235,690
Total maximum credit risk exposure	<u>19,199,346,715</u>	<u>21,839,699,047</u>	<u>27,328,096,842</u>	<u>57,454,334,711</u>

(ii) Risk concentrations

The Group's and the Company's maximum credit risk exposure without taking into account of any collateral and other credit enhancements, as categorized by geographical area:

The Group

	By geographical area		
	Mainland China	Outside Mainland	
		China	Total
31 December 2012			
Refundable deposits	195,997,242	2,544,519	198,541,761
Financial assets at fair value through profit or loss	10,070,682,867	500,922,010	10,571,604,877
Derivative financial assets	51,447,973	311,721,035	363,169,008
Reverse REPOs	282,803,000	155,781,094	438,584,094
Receivable from margin clients	412,790,034	130,922,045	543,712,079
Cash held on behalf of brokerage clients	5,754,453,345	1,176,933,897	6,931,387,242
Bank balances	2,230,530,965	1,803,573,370	4,034,104,335
Accounts receivable	636,033,229	1,360,907,144	1,996,940,373
Others	227,836,499	14,838,993	242,675,492
Total maximum credit risk exposure.....	<u>19,862,575,154</u>	<u>5,458,144,107</u>	<u>25,320,719,261</u>

	By geographical area		
	Mainland China	Outside Mainland	
		China	Total
31 December 2013			
Refundable deposits	187,564,968	32,602,963	220,167,931
Financial assets at fair value through profit or loss	10,924,774,468	49,562,077	10,974,336,545
Derivative financial assets	116,960,947	1,230,395,280	1,347,356,227
Reverse REPOs	2,360,087,681	138,924,767	2,499,012,448
Receivable from margin clients	1,567,564,206	529,973,926	2,097,538,132
Cash held on behalf of brokerage clients	4,047,460,505	1,188,051,708	5,235,512,213
Bank balances	1,441,690,516	1,654,215,355	3,095,905,871
Accounts receivable	2,161,446,198	1,282,101,713	3,443,547,911
Others	289,936,205	17,315,671	307,251,876
Total maximum credit risk exposure.....	<u>23,097,485,694</u>	<u>6,123,143,460</u>	<u>29,220,629,154</u>

	By geographical area		
	Mainland China	Outside Mainland	
		China	Total
31 December 2014			
Refundable deposits	259,419,729	65,597,744	325,017,473
Financial assets at fair value through profit or loss	10,537,837,895	307,775,957	10,845,613,852
Derivative financial assets	263,022,315	444,789,974	707,812,289
Reverse REPOs	1,452,295,261	169,553,170	1,621,848,431
Receivable from margin clients	3,080,736,883	377,266,594	3,458,003,477
Cash held on behalf of brokerage clients	8,564,625,856	2,519,954,571	11,084,580,427
Bank balances	1,889,338,257	1,528,709,847	3,418,048,104
Accounts receivable	2,545,639,940	5,790,081,124	8,335,721,064
Others	321,521,289	20,431,718	341,953,007
Total maximum credit risk exposure.....	<u>28,914,437,425</u>	<u>11,224,160,699</u>	<u>40,138,598,124</u>

	By geographical area		
	Outside Mainland		
	Mainland China	China	Total
30 June 2015			
Refundable deposits	447,692,774	85,594,056	533,286,830
Financial assets at fair value through profit or loss	12,808,982,206	283,063,371	13,092,045,577
Derivative financial assets	621,665,096	596,409,804	1,218,074,900
Reverse REPOs	1,013,055,400	372,858,375	1,385,913,775
Receivable from margin clients	6,453,481,627	747,223,371	7,200,704,998
Cash held on behalf of brokerage clients	31,578,622,268	4,740,487,366	36,319,109,634
Bank balances	4,330,792,573	1,818,290,120	6,149,082,693
Accounts receivable	2,314,984,360	6,878,266,838	9,193,251,198
Others	322,212,434	25,401,506	347,613,940
Total maximum credit risk exposure.....	<u>59,891,488,738</u>	<u>15,547,594,807</u>	<u>75,439,083,545</u>

(iii) *Credit rating analysis of financial assets*

The Group adopts a credit rating approach in managing credit risk of debt securities portfolio. Debt securities are rated with reference to Bloomberg Composite, or the major rating agencies where the issuers of the securities are located. The carrying amount of debt securities investments analyzed by the rating agency designations as at the end of the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Bloomberg comprehensive rating				
- AAA	—	—	112,765,592	146,089,408
- From AA- to AA+.....	297,554,916	23,771,373	—	8,790,470
- From A- to A+.....	—	—	147,052,695	281,949,288
- Below A-	618,447,389	626,678,386	892,204,317	1,488,009,860
Sub-total	<u>916,002,305</u>	<u>650,449,759</u>	<u>1,152,022,604</u>	<u>1,924,839,026</u>
Other comprehensive rating				
- AAA.....	4,462,286,120	5,158,677,587	5,963,265,910	6,912,009,137
- From AA- to AA+.....	2,957,490,736	2,273,363,550	1,895,541,569	1,559,202,221
- From A- to A+.....	72,611,792	—	124,744,442	—
- Below A-	41,086,125	—	56,798,575	—
Sub-total	<u>7,533,474,773</u>	<u>7,432,041,137</u>	<u>8,040,350,496</u>	<u>8,471,211,358</u>
Non-rated (Note)	<u>2,122,127,799</u>	<u>2,834,845,649</u>	<u>1,558,240,752</u>	<u>2,695,995,193</u>
Total	<u>10,571,604,877</u>	<u>10,917,336,545</u>	<u>10,750,613,852</u>	<u>13,092,045,577</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Bloomberg comprehensive rating				
- AAA	—	—	—	—
- From AA- to AA+	—	—	—	—
- From A- to A+	—	—	—	—
- Below A-	—	—	—	—
Sub-total	—	—	—	—
Other comprehensive rating				
- AAA	4,462,286,120	5,158,663,043	5,963,265,910	6,912,009,137
- From AA- to AA+	2,933,966,376	2,219,989,819	1,829,607,500	1,546,777,595
- From A- to A+	72,611,792	—	—	—
Sub-total	7,468,864,288	7,378,652,862	7,792,873,410	8,458,786,732
Non-rated (Note)	2,122,127,799	2,834,845,649	1,544,934,583	2,595,995,193
Total	9,590,992,087	10,213,498,511	9,337,807,993	11,054,781,925

Note: Non-rated financial assets mainly represent debts instruments and trading securities issued by the MOF, the PBOC, and other policy banks, which are creditworthy issuers in the market but are not rated by independent rating agencies.

(b) Liquidity risk

Liquidity risk arises when the Group, despite being solvent at the time, cannot obtain sufficient funding in a timely basis or at a reasonable cost to finance the expansion of its assets or to pay off its obligation when it falls due.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the undiscounted contractual cash flows of the Group's and the Company's non-derivative and derivative financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period), categorized by their remaining contractual maturities at the end of the reporting period calculated based on the earliest date the Group and the Company can be required to pay:

The Group

	As at 31 December 2012					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients.....	7,816,545,396	—	—	—	—	7,816,545,396
Placements from financial institutions...	—	380,700,467	—	—	—	380,700,467
Financial liabilities at fair value through profit or loss.....	—	242,263,857	—	—	—	242,263,857
Derivative financial liabilities.....	—	255,112,543	85,888,400	22,709,159	—	363,710,102
REPOs	—	6,633,171,386	—	—	—	6,633,171,386
Long-term debt securities issued.....	—	2,515,044,988	264,559,954	1,191,333,441	—	3,970,938,383
Others	77,139,991	357,317,228	—	—	—	434,457,219
Total.....	<u>7,893,685,387</u>	<u>10,383,610,469</u>	<u>350,448,354</u>	<u>1,214,042,600</u>	<u>—</u>	<u>19,841,786,810</u>

	As at 31 December 2013					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients.....	5,706,189,668	—	—	—	—	5,706,189,668
Placements from financial institutions...	—	533,049,489	—	—	—	533,049,489
Financial liabilities at fair value through profit or loss.....	—	788,289,598	—	—	—	788,289,598
Derivative financial liabilities.....	—	1,037,749,366	296,488,087	3,634,324	—	1,337,871,777
REPOs	—	7,306,651,488	—	—	—	7,306,651,488
Short-term debt securities issued.....	—	1,012,821,918	—	—	—	1,012,821,918
Long-term debt securities issued.....	—	244,131,767	1,156,527,067	4,361,028,980	—	5,761,687,814
Others	726,558,951	1,020,340,136	—	—	—	1,746,899,087
Total.....	<u>6,432,748,619</u>	<u>11,943,033,762</u>	<u>1,453,015,154</u>	<u>4,364,663,304</u>	<u>—</u>	<u>24,193,460,839</u>

As at 31 December 2014						
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients	15,054,264,345	—	—	—	—	15,054,264,345
Placements from financial institutions .	—	1,554,580,856	—	—	—	1,554,580,856
Financial liabilities at fair value through profit or loss	—	7,525,929,706	—	—	—	7,525,929,706
Derivative financial liabilities.....	—	725,350,389	12,455,306	—	—	737,805,695
REPOs	—	8,428,705,275	—	—	—	8,428,705,275
Short-term debt securities issued	—	912,090,137	—	—	—	912,090,137
Long-term debt securities issued.....	—	244,364,231	977,456,925	4,300,910,953	—	5,522,732,109
Others	1,211,179,799	1,495,591,313	—	—	—	2,706,771,112
Total.....	<u>16,265,444,144</u>	<u>20,886,611,907</u>	<u>989,912,231</u>	<u>4,300,910,953</u>	<u>—</u>	<u>42,442,879,235</u>

As at 30 June 2015						
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients	42,804,897,095	—	—	—	—	42,804,897,095
Placements from financial institutions...	—	2,318,101,050	—	—	—	2,318,101,050
Financial liabilities at fair value through profit or loss	—	9,797,031,481	—	—	—	9,797,031,481
Derivative financial liabilities.....	—	1,231,488,290	23,441,742	—	—	1,254,930,032
REPOs	—	9,505,577,925	507,911,111	—	—	10,013,489,036
Short-term debt securities issued	—	2,620,542,986	533,591,781	—	—	3,154,134,767
Long-term debt securities issued.....	—	349,307,430	4,787,229,720	3,226,797,625	—	8,363,334,775
Others	2,360,119,301	1,466,663,173	—	—	—	3,826,782,474
Total.....	<u>45,165,016,396</u>	<u>27,288,712,335</u>	<u>5,852,174,354</u>	<u>3,226,797,625</u>	<u>—</u>	<u>81,532,700,710</u>

The Company

	As at 31 December 2012					Total
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	
Financial liabilities						
Accounts payable to brokerage clients.....	5,793,555,511	—	—	—	—	5,793,555,511
Placements from financial institutions...	—	380,700,467	—	—	—	380,700,467
Derivative financial liabilities.....	—	8,701,017	45,595,098	—	—	54,296,115
REPOs	—	6,498,636,324	—	—	—	6,498,636,324
Long-term debt securities issued.....	—	2,448,905,000	—	—	—	2,448,905,000
Others	77,139,991	105,215,955	—	—	—	182,355,946
Total.....	5,870,695,502	9,442,158,763	45,595,098	—	—	15,358,449,363

	As at 31 December 2013					Total
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	
Financial liabilities						
Accounts payable to brokerage clients.....	4,062,801,150	—	—	—	—	4,062,801,150
Placements from financial institutions...	—	386,723,889	—	—	—	386,723,889
Financial liabilities at fair value through profit or loss.....	—	97,330,795	—	—	—	97,330,795
Derivative financial liabilities.....	—	37,205,358	106,888,802	—	—	144,094,160
REPOs	—	7,294,689,370	—	—	—	7,294,689,370
Short-term debt securities issued	—	1,012,821,918	—	—	—	1,012,821,918
Long-term debt securities issued.....	—	180,000,000	900,000,000	3,270,000,000	—	4,350,000,000
Others	716,358,951	494,592,311	—	—	—	1,210,951,262
Total.....	4,779,160,101	9,503,363,641	1,006,888,802	3,270,000,000	—	18,559,412,544

	As at 31 December 2014					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients	8,580,691,247	—	—	—	—	8,580,691,247
Placements from financial institutions...	—	878,011,856	—	—	—	878,011,856
Financial liabilities at fair value through profit or loss	—	67,063,351	—	—	—	67,063,351
Derivative financial liabilities.....	—	176,885,170	12,455,306	—	—	189,340,476
REPOs	—	8,230,096,994	—	—	—	8,230,096,994
Short-term debt securities issued	—	912,090,137	—	—	—	912,090,137
Long-term debt securities issued	—	180,000,000	720,000,000	3,270,000,000	—	4,170,000,000
Others	1,200,979,799	129,555,399	—	—	—	1,330,535,198
Total.....	<u>9,781,671,046</u>	<u>10,573,702,907</u>	<u>732,455,306</u>	<u>3,270,000,000</u>	<u>—</u>	<u>24,357,829,259</u>

	As at 30 June 2015					
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 - 5 years (inclusive)	More than 5 years	Undated	Total
Financial liabilities						
Accounts payable to brokerage clients	31,678,352,156	—	—	—	—	31,678,352,156
Placements from financial institutions...	—	1,292,908,050	—	—	—	1,292,908,050
Financial liabilities at fair value through profit or loss	—	—	—	—	—	—
Derivative financial liabilities.....	—	477,332,440	23,441,743	—	—	500,774,183
REPOs	—	8,929,079,466	507,911,111	—	—	9,436,990,577
Short-term debt securities issued	—	2,620,542,986	533,591,781	—	—	3,154,134,767
Long-term debt securities issued	—	285,000,000	4,530,000,000	2,165,000,000	—	6,980,000,000
Others	2,360,119,301	356,158,216	—	—	—	2,716,277,517
Total.....	<u>34,038,471,457</u>	<u>13,961,021,158</u>	<u>5,594,944,635</u>	<u>2,165,000,000</u>	<u>—</u>	<u>55,759,437,250</u>

(c) Market risk

Market risk is the risk of loss in the Group's income and value of financial instruments held arising from the adverse market movements such as changes in interest rates, stock prices, and foreign exchange rates. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximize the risk adjusted return. Stress testing is conducted regularly, and the potential movements of risk and operating indicators in a variety of scenarios are calculated.

The Group monitors the market risk for trading portfolios and non-trading portfolios separately.

(i) Market risk of trading portfolios

Trading portfolio includes financial assets at fair value through profit or loss, derivative financial assets, financial liabilities at fair value through profit or loss, and derivative financial liabilities. The risk exposures are measured and monitored in terms of principal, stop loss limit and etc., and are maintained within the limits set up by management. The Group adopts various kinds of methodologies (such as investment concentration limits, scenario analysis, Value-at-Risk ("VaR"), etc.) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor market risk of the trading portfolios.

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market rates, such as interest rates, foreign exchange rates and stock prices and so on over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group compute VaR by using a historical simulation method and implement relevant control of market risk. The historical simulation method is used to simulate future profit or loss based on the historical fluctuation of the key market risk factors and the sensitivity of current investment portfolio in respect of such risk factors.

The Group has adopted the historical simulation method and set 95% as its confidence level to compute its daily VaR based on historical data of the previous three years, i.e. there is 95% chance that the expected loss based on historical data will not exceed the VaR value regarding the Group's investment portfolio. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- When there is severe market illiquidity for a prolonged period, the realizable value of the Group's investment portfolio in a trade day may vary from the expected value due to a 1-day time horizon for VaR;
- The assigned confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect intra day exposures;

- The use of historical data as a basis for determining the possible distribution of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and
- The VaR measure is dependent upon the Group's position and the volatility of market prices. The VaR of an unchanged position changes if the market price volatility changes.

VaR analysis by risk categories:

The Group

	As at	For the year ended 31 December 2012		
	31 December 2012	Average	Highest	Lowest
Price-sensitive financial instruments	6,735,183	4,620,817	9,522,384	1,612,313
Interest-rate-sensitive financial instruments	6,901,517	9,176,457	19,540,136	4,066,161
Exchange-rate-sensitive financial instruments...	2,692,257	1,651,957	3,870,269	183,583
Total portfolio	10,641,863	10,601,105	18,390,568	5,584,483

	As at	For the year ended 31 December 2013		
	31 December 2013	Average	Highest	Lowest
Price-sensitive financial instruments	2,013,416	6,170,971	11,241,768	1,082,161
Interest-rate-sensitive financial instruments	8,161,117	7,985,401	10,123,062	5,096,256
Exchange-rate-sensitive financial instruments...	2,127,704	2,211,944	4,901,100	159,384
Total portfolio	8,725,317	10,927,976	15,213,952	7,000,328

	As at	For the year ended 31 December 2014		
	31 December 2014	Average	Highest	Lowest
Price-sensitive financial instruments	5,066,514	8,256,177	22,531,366	1,024,160
Interest-rate-sensitive financial instruments	9,349,148	11,658,709	16,356,235	7,809,575
Exchange-rate-sensitive financial instruments...	2,853,477	4,216,332	8,757,569	381,721
Total portfolio	12,299,477	16,165,060	29,341,276	8,668,035

	As at	For the six months ended 30 June 2015		
	30 June 2015	Average	Highest	Lowest
Price-sensitive financial instruments	5,227,447	7,239,254	13,498,988	3,058,591
Interest-rate-sensitive financial instruments	14,880,566	12,243,510	15,164,260	7,421,385
Exchange-rate-sensitive financial instruments...	2,499,363	3,789,659	9,710,264	361,015
Total portfolio	15,150,705	14,391,738	20,473,670	8,944,654

The Company

	As at	For the year ended 31 December 2012		
	31 December 2012	Average	Highest	Lowest
Price-sensitive financial instruments	7,313,767	4,659,563	9,655,984	1,667,650
Interest rate-sensitive financial instruments	5,956,610	8,468,573	20,863,730	4,468,855
Total portfolio	9,987,331	10,027,424	20,453,078	6,187,656

	As at	For the year ended 31 December 2013		
	31 December 2013	Average	Highest	Lowest
Price-sensitive financial instruments	1,423,074	5,726,501	11,436,592	556,872
Interest-rate-sensitive financial instruments	9,243,154	6,873,124	12,388,869	4,393,261
Total portfolio	9,108,639	9,330,481	14,641,856	5,667,651

	As at	For the year ended 31 December 2014		
	31 December 2014	Average	Highest	Lowest
Price-sensitive financial instruments	5,138,559	8,108,718	22,748,848	965,096
Interest-rate-sensitive financial instruments	11,838,590	12,890,855	20,231,861	2,092,071
Total portfolio	12,625,898	15,139,071	28,687,654	6,750,748

	As at	For the six months ended 30 June 2015		
	30 June 2015	Average	Highest	Lowest
Price-sensitive financial instruments	6,350,510	8,716,848	15,820,414	4,656,970
Interest-rate-sensitive financial instruments	15,551,683	12,799,989	16,406,505	9,722,177
Total portfolio	16,873,640	15,545,507	22,388,752	12,005,671

(ii) Market risk of non-trading portfolios**(1) Interest rate risk**

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits at banks and in clearing houses and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

The Group

	Sensitivity of net profit and equity			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Change in basis points				
Increase by 50 basis points	(18,592,600)	(15,031,415)	(15,865,256)	(18,506,163)
Decrease by 50 basis points or decrease to 0 ...	23,642,981	13,707,994	16,848,413	24,170,939

The Company

	Sensitivity of net profit and equity			
	As at 31 December			As at 30 June
	2012	2013	2014	2015
Change in basis points				
Increase by 50 basis points	(23,833,319)	(24,079,934)	(24,206,801)	(26,389,863)
Decrease by 50 basis points or decrease to 0 ...	23,833,319	24,079,934	24,206,801	26,389,863

The sensitivity analysis is based on the static rate risk profile of the Group or the Company's assets and liabilities. The sensitivity analysis measures the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group or the Company's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions that:

- The 50 basis points of changes in interest rates at the end of the Relevant Periods apply to all of the Group's non-trading financial instruments in the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rate;
- There are no changes to the assets and liabilities portfolios;
- Other variables (including exchange rate) remain unchanged; and
- Risk management measures undertaken by the Group are not considered.

Due to the above assumptions, the actual changes of interest rate and the impact to the Group's or the Company's net profit and equity might vary from the estimated results of the sensitivity analysis.

(2) *Currency risk*

Currency risk is the risk arising from the fluctuation of foreign exchange rates. The Group adopts sensitivity analysis to measure currency risk.

Assuming a 5% weakening of the RMB against the USD, the HKD and other currencies at the end of each of the Relevant Periods which would apply to the next 12 months with all other variables unchanged and all risk management measures undertaken by the Group set aside, the Group's and the Company's net profit or loss and equity would have been affected as follows:

The Group

Currency	Changes	Sensitivity of net profit/equity			
		As at 31 December			As at 30 June
		2012	2013	2014	2015
USD	5%	(3,319,272)	(10,073,280)	(23,850,162)	(40,083,304)
HKD	5%	41,855,497	36,964,387	27,391,865	40,098,651
Others	5%	6,827,475	5,261,022	7,565,302	7,766,813

The Company

Currency	Changes	Sensitivity of net profit/equity			
		As at 31 December			As at 30 June
		2012	2013	2014	2015
USD	5%	1,390,297	2,580,150	3,815,060	4,204,778
HKD	5%	7,798,307	8,207,998	11,744,255	14,096,734

A 5% strengthening of the RMB against the USD, the HKD and other currencies at the reporting date would have had the equal but opposite effect on the Group's and the Company's net profit or loss and equity, on the basis that all other variables remain unchanged.

Due to the above assumptions, the actual changes in foreign currency rate and the impact to the Group's or the Company's net profit or loss and equity might vary from the estimated results of the sensitivity analysis.

55 CAPITAL MANAGEMENT

The Group's capital management policy is to maintain an adequate capital base, so as to retain the confidence of the investors, the creditors and the counterparties and to ensure the sound development of future business. The objective of the Group's capital management is to meet legal and

regulatory requirements, while maintaining adequate capital and maximize returns. Based on its strategic plan, its business development needs and the tendency in its risk exposure, the Group carries out the forecast, planning and management of its regulatory capital through scenario analysis and stress testing.

The Group calculates its regulatory capital in accordance with relevant regulations applicable in the local jurisdiction which may be significantly different from the regulations in other jurisdictions. The Company calculates net capital in accordance with the Regulations on the Adjustment of the Calculation Standards of Net Capital for Securities Companies (2012 Amendment) (CSRC Announcement [2012] No. 37) issued by the CSRC on 16 November 2012 and other relevant regulations. Net capital refers to net assets after risk adjustments on certain types of assets as defined in the Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2008) (the "Administrative Measures").

In accordance with the Administrative Measures issued by the CSRC, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) The ratio of net capital divided by the sum of its various risk capital reserves shall be no less than 100% ("Ratio 1");
- (ii) The ratio of net capital divided by net assets shall be no less than 40% ("Ratio 2");
- (iii) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");
- (iv) The ratio of net assets divided by liabilities shall be no less than 20% ("Ratio 4");
- (v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5");
- (vi) The ratio of the value of fixed income securities held divided by net capital shall not exceed 500% ("Ratio 6");
- (vii) The calculation of liquidity coverage ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies issued by the SAC effective on March 1, 2014. Liquidity coverage ratio = high quality liquid assets/total net cash outflows over the next 30 days. The high quality liquid assets refers to all types of assets which can be converted into cash promptly by means of sale or collateral at small or no loss of value in the finance market under a stress scenario. The total net cash outflows over the next 30 days equals total expected cash outflows minus the total expected cash inflows for the subsequent 30 days. Liquidity coverage ratio shall not be lower than 100% ("Ratio 7"); and

(viii) The calculation of net stable funding ratio is set by the Guidelines for the Management of Liquidity Risk of Securities Companies. Net stable funding ratio = available amount of stable funding/required amount of stable funding. The available amount of stable funding is defined as the portion of those types of equity and liability financing which are expected to provide reliable sources of funds over a one-year period under a continued stress scenario. The required amount of stable funding is calculated as the sum of the value of assets or off-balance sheet exposures of a securities firm, multiplied by the respective required stable funding factor. The required stable funding factor equals the percentage of the value of assets or off-balance sheet exposures that need support from stable funding. Net stable funding ratio shall not be lower than 100% ("Ratio 8").

As at 31 December 2012, 2013 and 2014 and 30 June 2015, the Company maintained the above ratios as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Net Capital	5,111,206,307	4,326,902,300	4,540,586,986	5,157,970,929
Ratio 1	654.92%	642.80%	551.65%	483.12%
Ratio 2	102.70%	83.34%	78.21%	51.69%
Ratio 3	45.61%	29.21%	27.10%	21.24%
Ratio 4	44.41%	35.06%	34.65%	41.09%
Ratio 5	24.29%	27.39%	30.34%	33.08%
Ratio 6	196.81%	254.37%	210.06%	230.91%
Ratio 7	N/A	N/A	356.38%	312.35%
Ratio 8	N/A	N/A	127.36%	142.38%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements imposed by their local regulators, including the CSRC, the Hong Kong Securities and Futures Commission, and etc.

56 SUPPLEMENTARY NOTES TO THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(a) Interest in subsidiaries

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Unlisted shares, at cost or deemed cost.....	602,442,000	602,442,000	2,907,875,402	2,957,875,402
Less: impairment loss.....	—	—	—	—
Total	<u>602,442,000</u>	<u>602,442,000</u>	<u>2,907,875,402</u>	<u>2,957,875,402</u>

As required by the relevant PRC rules and regulations with respect to the conversion to a joint stock company with limited liability, the property and equipment, intangible assets and investment in subsidiaries of the Company as at 31 December 2014 were revalued by China Enterprise Appraisals Company, Limited. The property and equipment, intangible assets and investment in subsidiaries of the Company were restated at their relevant amounts or deemed costs on 31 December 2014, resulting in a surplus on revaluation of RMB 2,294,895,015 being credited to capital reserve. The above valuation surplus is reversed in the Group's consolidated financial statements.

Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Equity interest held by the Company as at 31 December			Equity interest held by the Company as at 30 June 2015	Principal activity	Auditor ⁽¹⁾
			2012	2013	2014			
China International Capital Corporation (Hong Kong) Limited ("CICC Hong Kong").....	Hong Kong	HKD 62,400,000	100%	100%	100%	100%	Overseas investment holding business	KPMG
CICC Jiacheng Investment Management Co., Ltd.	Beijing, PRC	RMB 410,000,000	100%	100%	100%	100%	Direct investment business	KPMG PRC
CICC Pucheng Investment Co., Ltd.	Shanghai, PRC	RMB 151,000,000	100%	100%	100%	100%	Financial products investment business	KPMG PRC
China International Capital Corporation Hong Kong Securities Limited ⁽⁴⁾	Hong Kong	HKD 843,220,000	100%	100%	100%	100%	Investment banking and securities brokerage business	KPMG
CICC Financial Products Ltd. ⁽⁴⁾	British Virgin Islands	USD 1	100%	100%	100%	100%	Financial products investment business	KPMG
CICC Hong Kong Asset Management Limited ⁽⁴⁾	Hong Kong	HKD 245,740,000	100%	100%	100%	100%	Assets management and securities investment advisory business	KPMG
China International Capital Corporation (Singapore) Pte. Ltd. ⁽⁴⁾	Singapore	SGD 42,000,000	100%	100%	100%	100%	Investment banking and securities brokerage business	KPMG Singapore
China International Capital Corporation (UK) Ltd. ⁽⁴⁾	UK	GBP 21,000,000	100%	100%	100%	100%	Investment banking and securities brokerage business	KPMG UK
CICC US Securities, Inc. ⁽⁴⁾	USA	USD 53,000,000	100%	100%	100%	100%	Investment banking and securities brokerage business	KPMG US
China International Capital Corporation Hong Kong Futures Limited ⁽⁴⁾	Hong Kong	HKD 26,000,000	100%	100%	100%	100%	Futures brokerage and market making business	KPMG
CICC Financial Trading Ltd ⁽⁴⁾	Hong Kong	HKD1	100%	100%	100%	100%	Securities business	SL LEE & LAU
CICC Investment Group Company Limited ^{(3) (4)}	British Virgin	USD100	100%	100%	100%	100%	Investment holding business	—

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Equity interest held by the Company as at 31 December			Equity interest held by the Company as at	Principal activity	Auditor ⁽¹⁾
			2012	2013	2014	30 June 2015		
CICC Investment Management Co., Ltd. (3) (4)	Cayman Islands	USD1	100%	100%	100%	100%	Direct investment Business	—
CICC Jiahe (Tianjin) Equity Investment Fund Management Limited ^{(3) (4)}	Tianjin, PRC	RMB 100,000,000	100%	100%	100%	100%	Investment management and advisory business	—
CICC Fund Management Co., Ltd. ⁽²⁾	Beijing, PRC	RMB 150,000,000	Not applicable	Not applicable	100%	100%	Promotion and Management of mutual funds business	KPMG PRC

Note:

(1) Statutory auditors of the respective subsidiaries of the Group are as follows:

- KPMG PRC represents KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)), a firm of certified public accountants registered in the PRC. The official name of KPMG Huazhen LLP is in Chinese;
- KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong;
- KPMG Singapore represents KPMG Service Pte. Ltd. in Singapore, a firm of certified public accountants registered in Singapore;
- KPMG UK represents KPMG LLP in the UK, a firm of certified public accountants registered in the United Kingdom of Great Britain and Northern Ireland;
- KPMG US represents KPMG LLP in the US, a firm of certified public accountants registered in the United States of America;
- SL LEE & LAU represents SL LEE & LAU CPA Limited, a firm of certified public accountants registered in Hong Kong.

(2) This subsidiary was newly incorporated during 2014.

(3) These subsidiaries were not subject to statutory audit according to the local regulations.

(4) The equity interest of these subsidiaries were indirectly held by the Company.

(b) Capital and dividend

(1) Movement in components of equity

The reconciliation between the opening and closing balance of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's components of equity between the beginning and the end of the years are set out below:

	Attributable to equity holders/shareholders of the Company						Total
	Paid-in capital/share capital	Reserves			Investment revaluation reserve	Retained profits	
		Capital reserve	Surplus reserve	General reserves			
	(Note 47)	(Note 47)	(Note 47)	(Note 47)			
At 1 January 2012	1,037,023,000	1,448,741	362,820,458	897,808,753	(503,228)	2,398,428,687	4,697,026,411
Profit for the year.....	—	—	—	—	—	279,594,773	279,594,773
Other comprehensive income for the year.	—	—	—	—	196,370	—	196,370
Total comprehensive income for the year.	—	—	—	—	196,370	279,594,773	279,791,143
Appropriation to surplus reserve	—	—	27,959,478	—	—	(27,959,478)	—
Appropriation to general reserve.....	—	—	—	55,918,956	—	(55,918,956)	—
Capitalisation issue (Note).....	630,450,000	—	—	—	—	(630,450,000)	—
At 31 December 2012..	<u>1,667,473,000</u>	<u>1,448,741</u>	<u>390,779,936</u>	<u>953,727,709</u>	<u>(306,858)</u>	<u>1,963,695,026</u>	<u>4,976,817,554</u>

Note: With the resolution of the Board of Directors and the approval from the CSRC (CSRC Ji Gou Zi [2012] No. 1408) issued on 29 October 2012, the Company used its retained profits to increase its paid-in capital in 2012.

Attributable to equity holders/shareholders of the Company							
	Paid-in capital/share capital	Reserves				Retained profits	Total
		Capital reserve	Surplus reserve	Investment General reserves	Investment revaluation reserve		
		(Note 47)	(Note 47)	(Note 47)	(Note 47)		
At 1 January 2013	1,667,473,000	1,448,741	390,779,936	953,727,709	(306,858)	1,963,695,026	4,976,817,554
Profit for the year.....	—	—	—	—	—	215,361,775	215,361,775
Other comprehensive income for the year.	—	—	—	—	(83,087)	—	(83,087)
Total comprehensive income for the year.	—	—	—	—	(83,087)	215,361,775	215,278,688
Appropriation to surplus reserve.....	—	—	21,536,177	—	—	(21,536,177)	—
Appropriation to general reserve.....	—	—	—	43,072,354	—	(43,072,354)	—
At 31 December 2013..	<u>1,667,473,000</u>	<u>1,448,741</u>	<u>412,316,113</u>	<u>996,800,063</u>	<u>(389,945)</u>	<u>2,114,448,270</u>	<u>5,192,096,242</u>

Attributable to equity holders/shareholders of the Company							
	Paid-in capital/Share capital	Reserves				Retained profits	Total
		Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve		
		(Note 47)	(Note 47)	(Note 47)	(Note 47)		
At 1 January 2014	1,667,473,000	1,448,741	412,316,113	996,800,063	(389,945)	2,114,448,270	5,192,096,242
Profit for the year.....	—	—	—	—	—	610,843,137	610,843,137
Other comprehensive income for the year.	—	—	—	—	3,031,319	—	3,031,319
Total comprehensive income for the year.	—	—	—	—	3,031,319	610,843,137	613,874,456
Appropriation to surplus reserve.....	—	—	61,084,314	—	—	(61,084,314)	—
Appropriation to general reserve.....	—	—	—	122,168,628	—	(122,168,628)	—
Surplus on valuation....	—	2,294,895,015	—	—	—	—	2,294,895,015
At 31 December 2014..	<u>1,667,473,000</u>	<u>2,296,343,756</u>	<u>473,400,427</u>	<u>1,118,968,691</u>	<u>2,641,374</u>	<u>2,542,038,465</u>	<u>8,100,865,713</u>

APPENDIX I
ACCOUNTANTS' REPORT

	Attributable to equity holders/shareholders of the Company						
	Paid-in capital/Share capital	Reserves				Retained profits	Total
		Capital reserve	Surplus reserve	General reserves	Investment revaluation reserve		
		(Note 47)	(Note 47)	(Note 47)	(Note 47)		
At 1 January 2014	1,667,473,000	1,448,741	412,316,113	996,800,063	(389,945)	2,114,448,270	5,192,096,242
Profit for the period	—	—	—	—	—	276,416,084	276,416,084
Other comprehensive income for the period	—	—	—	—	330,207	—	330,207
Total comprehensive income for the period	—	—	—	—	330,207	276,416,084	276,746,291
Appropriation to surplus reserve	—	—	—	—	—	—	—
Appropriation to general reserve	—	—	—	—	—	—	—
At 30 June 2014 (Unaudited)	<u>1,667,473,000</u>	<u>1,448,741</u>	<u>412,316,113</u>	<u>996,800,063</u>	<u>(59,738)</u>	<u>2,390,864,354</u>	<u>5,468,842,533</u>

	Attributable to equity holders/shareholders of the Company							
	Paid-in capital/share capital	Other equity instruments	Reserves				Retained profits	Total
			Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve		
		(Note 46)	(Note 47)	(Note 47)	(Note 47)			
At 1 January 2015	1,667,473,000	—	2,296,343,756	473,400,427	1,118,968,691	2,641,374	2,542,038,465	8,100,865,713
Profit for the period	—	—	—	—	—	—	879,903,036	879,903,036
Other comprehensive income for the period .	—	—	—	—	—	211,489	—	211,489
Total comprehensive income for the period .	—	—	—	—	—	211,489	879,903,036	880,114,525
Appropriation to surplus reserve	—	—	—	—	—	—	—	—
Appropriation to general reserve	—	—	—	—	—	—	—	—
Issuance of perpetual subordinated bonds	—	1,000,000,000	—	—	—	—	—	1,000,000,000
Conversion to joint stock company with limited liability	—	—	3,020,721,641	(473,400,427)	—	(2,641,374)	(2,544,679,840)	—
Other	—	—	(2,641,374)	—	—	—	—	(2,641,374)
At 30 June 2015	<u>1,667,473,000</u>	<u>1,000,000,000</u>	<u>5,314,424,023</u>	<u>—</u>	<u>1,118,968,691</u>	<u>211,489</u>	<u>877,261,661</u>	<u>9,978,338,864</u>

(2) *Dividends*

The Company has not distributed any dividends to the equity holders/shareholders during the Relevant Periods.

(3) *Paid-in capital/share capital*

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. After the conversion, the Company issued 1,667,473,000 ordinary shares with par value of RMB 1 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

57 EVENTS AFTER THE REPORTING DATE(a) **Subsequent acquisition**

On 27 February 2014, the Company entered into an equity purchase agreement with Jianyin Investment to acquire the entire equity interest in Fortune Futures. The acquisition was completed in August 2015. The major financial information of Fortune Futures is as follows:

(i) *Statements of profit or loss and other comprehensive income*

	Note	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
					Unaudited	
Revenue						
Fee and commission income..	(1)	11,056,495	22,140,517	32,389,991	13,463,668	33,254,334
Interest income	(2)	18,580,774	25,574,178	31,245,715	14,024,339	31,373,979
Investment income		—	—	—	—	589,618
Total revenue		29,637,269	47,714,695	63,635,706	27,488,007	65,217,931
Other income		903,985	51,968	26,024	26,024	—
Total revenue and other income..		30,541,254	47,766,663	63,661,730	27,514,031	65,217,931
Fee and commission expenses ...	(3)	4,775,659	10,049,966	12,898,244	5,459,576	14,640,125
Interest expenses		—	—	44,628	—	3,422,155
Staff costs	(4)	13,957,837	16,600,019	23,591,010	10,688,316	22,940,368
Depreciation and amortization expenses		138,302	1,006,445	2,883,676	1,178,003	1,956,612
Business tax and surcharges		468,877	853,708	1,280,256	533,185	1,274,914
Other operating expenses	(5)	5,565,405	6,976,923	6,781,210	3,790,558	5,246,295
Total expenses.....		24,906,080	35,487,061	47,479,024	21,649,638	49,480,469
Profit before income tax.....		5,635,174	12,279,602	16,182,706	5,864,393	15,737,462
Less: Income tax expense.....	(6)	1,343,198	3,284,931	4,095,665	1,466,098	3,934,365
Profit and total comprehensive income for the year/period....		4,291,976	8,994,671	12,087,041	4,398,295	11,803,097

(ii) *Statements of financial position*

	Note	As at 31 December			As at 30 June
		2012	2013	2014	2015
Non-current assets					
Property and equipment		1,153,315	4,316,121	8,693,100	8,063,339
Available-for-sale financial assets		1,300,000	1,300,000	1,300,000	1,300,000
Refundable deposits	(7)	—	10,000,000	10,078,445	10,000,000
Deferred tax assets		1,543,495	2,307,892	3,137,799	1,891,838
Other non-current assets		435,796	414,343	417,144	437,144
Total non-current assets		4,432,606	18,338,356	23,626,488	21,692,321
Current assets					
Accounts receivable		193,798	—	—	674,108
Financial assets at fair value through profit or loss		—	—	—	40,589,617
Reverse REPOs		8,800,000	—	16,500,000	5,500,000
Interest receivable		948,882	2,428,534	2,348,225	4,573,152
Cash held on behalf of brokerage clients	(8)	771,849,336	1,042,722,720	2,408,397,062	5,477,147,023
Cash and bank balance	(9)	203,155,104	211,999,637	206,564,476	305,699,773
Other current assets		69,918	1,582,163	1,597,973	1,583,733
Total current assets		985,017,038	1,258,733,054	2,635,407,736	5,835,767,406
Total assets		989,449,644	1,277,071,410	2,659,034,224	5,857,459,727
Current liabilities					
Accounts payable to brokerage clients	(10)	771,849,336	1,042,722,720	2,408,397,062	5,477,147,023
Employee benefits payable		5,977,955	9,219,965	12,476,993	24,099,853
Income tax payable		808,870	1,736,122	2,572,212	2,437,549
Other current liabilities		1,833,611	5,418,060	5,526,373	11,910,621
Total current liabilities		780,469,772	1,059,096,867	2,428,972,640	5,515,595,046
Net current assets		204,547,266	199,636,187	206,435,096	320,172,360
Total assets less current liabilities		208,979,872	217,974,543	230,061,584	341,864,681
Non-current liabilities					
Long-term debt securities issued	(11)	—	—	—	100,000,000
Net assets		208,979,872	217,974,543	230,061,584	241,864,681
Equity					
Paid-in capital	(12)	200,000,000	200,000,000	200,000,000	200,000,000
Reserves		865,943	1,765,410	2,974,114	2,974,114
Retained profits		8,113,929	16,209,133	27,087,470	38,890,567
Total equity		208,979,872	217,974,543	230,061,584	241,864,681

(iii) *Notes to financial information*(1) *Fee and commission income*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Futures brokerage commission income.....	<u>11,056,495</u>	<u>22,140,517</u>	<u>32,389,991</u>	<u>13,463,668</u>	<u>33,254,334</u>

(2) *Interest income*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Interest income from financial institutions.....	18,317,306	25,152,098	30,764,430	13,799,219	31,172,935
Interest income from reverse REPOs.....	<u>263,468</u>	<u>422,080</u>	<u>481,285</u>	<u>225,120</u>	<u>201,044</u>
Total interest income on financial assets not at fair value through profit or loss	<u>18,580,774</u>	<u>25,574,178</u>	<u>31,245,715</u>	<u>14,024,339</u>	<u>31,373,979</u>

(3) *Fee and commission expenses*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Futures brokerage commission expenses	3,809,724	7,267,353	9,960,671	4,157,749	10,570,076
Introducing brokerage expenses....	<u>965,935</u>	<u>2,782,613</u>	<u>2,937,573</u>	<u>1,301,827</u>	<u>4,070,049</u>
Total	<u>4,775,659</u>	<u>10,049,966</u>	<u>12,898,244</u>	<u>5,459,576</u>	<u>14,640,125</u>

(4) *Staff costs*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Salaries, bonus and allowance.....	12,065,542	14,659,854	21,580,779	9,710,474	21,806,936
Retirement scheme contributions..	754,482	748,586	866,617	406,741	466,458
Other social welfare.....	899,640	920,704	1,037,944	511,181	602,525
Other benefits	238,173	270,875	105,670	59,920	64,449
Total	<u>13,957,837</u>	<u>16,600,019</u>	<u>23,591,010</u>	<u>10,688,316</u>	<u>22,940,368</u>

Fortune Futures is required to participate in pension scheme organized by the government of the PRC whereby Fortune Futures is required to pay annual contributions for its employees at certain rate of the wages of employees. Fortune Futures has no other material obligations for payment of retirement benefits to its employees beyond the annual contributions described above.

(5) *Other operating expenses*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Operating lease charges in respect of property and equipment.....	1,827,045	2,662,877	2,173,363	1,097,819	1,090,167
Business development expenses....	959,402	907,389	957,625	678,599	857,310
Information technology related expenses	765,352	876,616	1,026,854	464,093	598,833
Travelling and transportation expenses	581,454	524,697	353,361	175,344	573,530
Professional service fees	774,028	800,685	670,319	643,180	629,355
Utilities and maintenance.....	49,142	57,647	57,686	28,002	25,636
Futures Investors Protection Fund.....	80,460	155,874	214,983	91,219	238,342
Others.....	<u>528,522</u>	<u>991,138</u>	<u>1,327,019</u>	<u>612,302</u>	<u>1,233,122</u>
Total	<u>5,565,405</u>	<u>6,976,923</u>	<u>6,781,210</u>	<u>3,790,558</u>	<u>5,246,295</u>

(6) *Income tax expense*

a Taxation in the statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Current tax	1,833,052	4,049,328	4,925,572	1,466,098	2,688,404
Deferred tax (Reversal)/origination of temporary differences	(489,854)	(764,397)	(829,907)	—	1,245,961
Total	<u>1,343,198</u>	<u>3,284,931</u>	<u>4,095,665</u>	<u>1,466,098</u>	<u>3,934,365</u>

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

The income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in the PRC during the Relevant Periods. A reconciliation of income tax expenses calculated by applying the PRC statutory income tax rate to profit before tax to the income tax expense in the statement of profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				Unaudited	
Profit before income tax	<u>5,635,174</u>	<u>12,279,602</u>	<u>16,182,706</u>	<u>5,864,393</u>	<u>15,737,462</u>
Income tax calculated at the PRC statutory income tax rate	1,408,794	3,069,901	4,045,677	1,466,098	3,934,365
Non-deductible expenses	33,280	117,287	49,988	—	—
Others	(98,876)	97,743	—	—	—
Total income tax expense	<u>1,343,198</u>	<u>3,284,931</u>	<u>4,095,665</u>	<u>1,466,098</u>	<u>3,934,365</u>

(7) *Refundable deposits*

	As at 31 December			As at 30 June	
	2012	2013	2014	2014	2015
Self-owned refundable deposits	—	<u>10,000,000</u>	<u>10,078,445</u>	<u>10,000,000</u>	<u>10,000,000</u>

(8) *Cash held on behalf of brokerage clients*

Fortune Futures maintains segregated deposit accounts with banks and authorized institutions to hold clients' monies arising from the normal course of brokerage business. Fortune Futures has classified their clients' monies as cash held on behalf of brokerage clients under current assets, and recognizes the corresponding accounts payable to the respective clients on the ground that Fortune Futures is liable for any loss or misappropriation of its clients' monies. In the PRC, clients' monies is restricted and governed by relevant third-party deposit regulations issued by the CSRC.

(9) *Cash and bank balance*

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Cash on hand.....	849	1,785	2,775	3,779
Deposits with banks	192,292,067	194,253,403	187,658,918	276,921,994
Deposits with clearing houses	10,857,454	14,006,486	18,879,065	28,745,481
Deposits with securities companies	4,734	3,737,963	23,718	28,519
Total	<u>203,155,104</u>	<u>211,999,637</u>	<u>206,564,476</u>	<u>305,699,773</u>

(10) *Accounts payable to brokerage clients*

Accounts payable to brokerage clients mainly include money held on behalf of clients placed at banks and at exchanges by the Fortune Futures.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits and cash collaterals are repayable on demand.

(11) *Long-term debt securities issued*

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Subordinated bonds.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>100,000,000</u>

Name	Issuance date	Maturity date	Nominal interest rate	Book value as at 1 January			Book values as at 30 June 2015
				2015	Increase	Decrease	
First batch of subordinated bonds (i)	07/05/2015	07/05/2021	1st -3rd years 7.0% 4th -6th years 10.0%	—	30,000,000	—	30,000,000
Second batch of subordinated bonds (ii)	01/06/2015	01/06/2021	1 st -3rd years 7.0% 4th -6th years 10.0%	—	18,000,000	—	18,000,000
Third batch of subordinated bonds (iii)	17/06/2015	17/06/2021	1st -3rd years 7.0% 4th -6 th years 10.0%	—	20,000,000	—	20,000,000
Fourth batch of subordinated bonds (iv)	23/06/2015	23/06/2021	1st -3rd years 7.0% 4th -6th years 10.0%	—	32,000,000	—	32,000,000
Total				—	100,000,000	—	100,000,000

- (i) Fortune Futures issued the first batch of subordinated bonds with a principal amount of RMB 30 million on 7 May 2015 with a maturity date of 7 May 2021. Interests of the subordinated bonds are paid annually. The Fortune Futures has an option to redeem the bonds on 7 May 2018.
- (ii) Fortune Futures issued the second batch of subordinated bonds with a principal amount of RMB 18 million on 1 June 2015 with a maturity date of 1 June 2021. Interests of the subordinated bonds are paid annually. The Fortune Futures has an option to redeem the bonds on 1 June 2018.
- (iii) Fortune Futures issued the third batch of subordinated bonds with a principal amount of RMB 20 million on 17 June 2015 with a maturity date of 17 June 2021. Interests of the subordinated bonds are paid annually. The Fortune Futures has an option to redeem the bonds on 17 June 2018.
- (iv) Fortune Futures issued the fourth batch of subordinated bonds with a principal amount of RMB 32 million on 23 June 2015 with a maturity date of 23 June 2021. Interests of the subordinated bonds are paid annually. The Fortune Futures has an option to redeem the bonds on 23 June 2018.

(12) *Paid-in capital*

Fortune Futures is wholly held by Jianyin Investment during the Relevant Periods.

(b) Issuance of short-term commercial papers

The Company issued the fifth tranche of 2015 short-term commercial paper with a principal amount of RMB 0.8 billion on 17 July 2015. The commercial paper bears interest of 3.00% per annum and is repayable on 15 October 2015.

(c) Repayment of beneficiary certificates

On 21 July 2015, the Company repaid its beneficiary certificates CICC Jinyintong No. 2 with a principal amount of RMB 0.7 billion that were issued on 7 July 2015.

D SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2015. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to 30 June 2015.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information sets out in this Appendix does not form part of the Accountants' Report, as set out in Appendix I to this prospectus, from KPMG, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and our historical financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The unaudited pro forma statement of assets and liabilities has been prepared to illustrate the effect on the net assets of China International Capital Corporation Limited (the "Company") and its subsidiaries (the "Group") as if the acquisition (the "Acquisition") of Fortune Futures Co., Ltd. ("Fortune Futures"), (together with the Group referred to as the "Enlarged Group") had taken place on 30 June 2015. The unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes and because of its hypothetical nature, does not represent the Group's actual financial position following the Acquisition.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited pro forma statement of assets and liabilities (Expressed in Renminbi (“RMB”), unless otherwise stated)

	As at 30 June 2015				
	The Group	Fortune Futures	Adjustment		Pro forma Enlarged Group
			Purchase adjustments	Elimination	
			Note (1)	Note (2)	
Non-current assets					
Property and equipment..	133,399,860	8,063,339	2,876,455	—	144,339,654
Intangible assets.....	1,944,050	—	—	—	1,944,050
Interest in associates and joint ventures.....	631,714,030	—	—	—	631,714,030
Available-for-sale financial assets	487,617,722	1,300,000	—	—	488,917,722
Refundable deposits	533,286,830	10,000,000	—	—	543,286,830
Deferred tax assets	374,397,024	1,891,838	—	—	376,288,862
Other non-current assets ..	56,779,818	437,144	—	—	57,216,962
Total non-current assets ...	2,219,139,334	21,692,321	2,876,455	—	2,243,708,110
Current assets					
Accounts receivable.....	9,193,251,198	674,108	(211,856,327)	(4,475,659)	8,977,593,320
Receivable from margin clients.....	7,200,704,998	—	—	—	7,200,704,998
Available-for-sale financial assets	28,814,841	—	—	—	28,814,841
Financial assets at fair value through profit or loss.....	30,817,411,941	40,589,617	—	(100,000,000)	30,758,001,558
Derivative financial assets.....	1,232,746,143	—	—	—	1,232,746,143
Financial assets held under resale agreements.....	1,385,913,775	5,500,000	—	—	1,391,413,775
Interest receivable	347,613,940	4,573,152	—	(521,367)	351,665,725
Cash held on behalf of brokerage clients.....	36,319,109,634	5,477,147,023	—	(123,424,448)	41,672,832,209
Cash and bank balances..	6,149,278,708	305,699,773	—	—	6,454,978,481
Other current assets.....	92,916,282	1,583,733	—	—	94,500,015
Total current assets	92,767,761,460	5,835,767,406	(211,856,327)	(228,421,474)	98,163,251,065
Total assets	94,986,900,794	5,857,459,727	(208,979,872)	(228,421,474)	100,406,959,175

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

As at 30 June 2015					
The Group	Fortune Futures	Adjustment		Pro forma Enlarged Group	
		Purchase adjustments	Elimination		
<i>Note (1)</i>	<i>Note (2)</i>	<i>Note (3)</i>	<i>Note (4)</i>		
Current liabilities					
Financial liabilities at fair value through profit or loss.....	9,797,031,481	—	—	—	9,797,031,481
Derivative financial liabilities	1,254,930,032	—	—	—	1,254,930,032
Accounts payable to brokerage clients.....	42,804,897,095	5,477,147,023	—	(123,424,448)	48,158,619,670
Placements from financial institutions ...	2,278,193,000	—	—	—	2,278,193,000
Short-term debt securities issued.....	3,070,000,000	—	—	—	3,070,000,000
Financial assets sold under repurchase agreements.....	9,899,822,492	—	—	—	9,899,822,492
Employee benefits payable	2,124,263,496	24,099,853	—	—	2,148,363,349
Income tax payable.....	287,462,144	2,437,549	—	—	289,899,693
Other current liabilities ..	6,981,571,698	11,910,621	32,884,809	(4,997,026)	7,021,370,102
Total current liabilities ...	78,498,171,438	5,515,595,046	32,884,809	(128,421,474)	83,918,229,819
Net current assets	14,269,590,022	320,172,360	(244,741,136)	(100,000,000)	14,245,021,246
Total assets less current liabilities	16,488,729,356	341,864,681	(241,864,681)	(100,000,000)	16,488,729,356
Non-current liabilities					
Non-current employee benefits payable.....	267,204,692	—	—	—	267,204,692
Long-term debt securities issued.....	6,008,744,000	100,000,000	—	(100,000,000)	6,008,744,000
Deferred tax liabilities....	42,985,458	—	—	—	42,985,458
Other non-current liabilities	13,293,527	—	—	—	13,293,527
Total non-current liabilities	6,332,227,677	100,000,000	—	(100,000,000)	6,332,227,677
Net assets	10,156,501,679	241,864,681	(241,864,681)	—	10,156,501,679

Notes:

- 1) Information on the assets and liabilities for the Group has been extracted from the historical financial information of the Group as set out in Section A of Appendix I of this prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- 2) Information on the assets and liabilities for Fortune Futures has been extracted from the historical financial information of Fortune Futures as set out in Section C Note 57(a) of Appendix I of this prospectus.
- 3) Under IFRSs, it is necessary to fair value the consideration paid and all of the assets and liabilities of the acquired business. In the pro forma statement of assets and liabilities, adjustments have been made to the fair value of assets and liabilities of Fortune Futures to reflect the adjustment to fair value which may arise on the Acquisition.

The fair value adjustments have been calculated as follows:

	<u>RMB</u>
Consideration.....	211,856,327
Less: Reported value of Fortune Futures net assets as at 31 December 2012.....	<u>208,979,872</u>
Fair value adjustment on acquired property and equipment	<u><u>2,876,455</u></u>

According to the agreement between the Company and China Jianyin Investment Ltd. (“Jianyin Investment”) (the equity holder of Fortune Futures), the consideration of the Acquisition is RMB 211,856,327, equaling to the fair value of net assets of Fortune Futures as at 31 December 2012 which was valued by a qualified appraiser. The Directors have reviewed the fair value of acquired property and equipment as at 30 June 2015, and noted no material difference with that as at 31 December 2012. Since the fair value of Fortune Futures’ assets and liabilities at the date of Acquisition may be substantially different from the fair value used in the unaudited pro forma statement of assets and liabilities of the Enlarged Group, the value of the assets and liabilities of Fortune Futures to be recorded in the combined financial statements of the Group at the date of Acquisition may be different from the amounts shown in this appendix.

In addition, Jianyin Investment is entitled to the profit and other comprehensive income of Fortune Futures from 1 January 2013 to the date of acquisition.

- 4) The elimination mainly includes payable and receivable of fee and commissions between the Company and Fortune Futures, subordinated bonds issued by Fortune Futures and purchased by the Group, interest payable and receivable and intercompany deposits as at 30 June 2015.
- 5) Apart from the adjustments in respect of the acquisition, no adjustment has been made to reflect any trading results or other transactions of the Group and Fortune Futures entered into subsequent to 30 June 2015.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below to illustrate the effect of the proposed offering by the Company of its shares (the “Global Offering”) on the consolidated net tangible assets of the Group attributable to the shareholders of the Company as at 30 June 2015, as if the Global Offering had taken place on 30 June 2015.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2015 or at any future date.

	Consolidated net tangible assets attributable to shareholders of the Company as at 30 June 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2015	Unaudited pro forma adjusted consolidated net tangible assets per share	
	RMB Million	RMB Million	RMB Million	RMB	HKD
	<i>Note(1)</i>	<i>Note(2)/(4)</i>		<i>Note(3)</i>	<i>Note(5)</i>
Based on an offer price of Hong Kong dollar (“HKD”) 9.12 per share..	10,155	4,059	14,214	6.39	7.80
Based on an offer price of HKD 10.28 per share.....	10,155	4,582	14,737	6.63	8.09

Notes:

- (1) The consolidated net tangible assets attributable to shareholders of the Company as at 30 June 2015 is compiled based on the consolidated net assets attributable to shareholders of the Company of RMB 10,157 million less intangible assets of RMB 2 million as at 30 June 2015 as set out in our historical financial information set forth in the Accountants’ Report in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HKD 9.12 per H Share (being the minimum offer price) and HKD 10.28 per H Share (being the maximum offer price) and the assumption that there are 555,824,000 newly issued H Shares in the Global Offering, after deduction of the underwriting fees and other expenses related to the Global Offering, assuming that the Over-allotment Option is not exercised.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived on the basis of 2,223,297,000 shares in issue assuming that the Global Offering has been completed on 30 June 2015 and that the Over-allotment Option is not exercised.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (4) For the purpose of estimated net proceeds from the Global Offering and the calculation of the unaudited pro forma adjusted net tangible assets per share, the translation between RMB and HKD was made at the exchange rate of RMB 0.8197 to HKD 1.00, the exchange rate set by the People's Bank of China prevailing on 19 October 2015. No representation is made that the HKD amounts have been, could have been or could be converted to RMB at that rate or at any other rate.
- (5) The unaudited pro forma adjusted consolidated net tangible assets do not take into account the financial results or other transactions of the Company subsequent to 30 June 2015, including the Acquisition of Fortune Futures.

C. ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

October 27, 2015

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China International Capital Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities of the enlarged group comprising the Group and Fortune Futures Co., Ltd. ("Fortune Futures") and the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2015 and related notes (collectively "Pro Forma Financial Information") as set out in Part A and B of Appendix II to the prospectus dated October 27, 2015 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A and B of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of (a) the acquisition of Fortune Futures on the Group's assets and liabilities as at 30 June 2015 as if the acquisition of Fortune Futures had taken place at 30 June 2015 in separate sets of pro forma financial information and (b) the proposed offering of the H shares of the Company (the "Global Offering") on the Group's financial position as at 30 June 2015 as if the Global Offering had taken place at 30 June 2015. As part of this process, information about the assets and liabilities of the Group and Fortune Futures as at 30 June 2015 has been extracted by the Directors from the Group's historical financial statements included in the Accountants' Report as set out in Appendix I to the Prospectus.

DIRECTORS' RESPONSIBILITIES FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

OPINION

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

TAXATION

The following is a summary of certain PRC and Hong Kong tax consequences on investors relating to the ownership of H shares by an investor who purchases such H Shares in the Global Offering and holds the H shares as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special provisions. This summary is based on the tax laws of the PRC and Hong Kong in effect as of the Latest Practicable Date, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section in this prospectus does not address any aspect of the PRC or Hong Kong taxation other than income tax, capital tax, business tax, stamp duty and estate duty. Prospective investors are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of investing in H Shares.

TAXATION IN THE PRC**Taxation on Dividends***Individual investors*

According to the Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得稅法) ("IIT Law"), as amended, and its implementation rules, dividends paid to individuals by PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, his/her receipt of dividends from a PRC company is normally subject to PRC withholding tax of 20% unless specifically exempted by the taxation authority of the State Council or reduced by an applicable tax treaty.

Enterprises

In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) ("EIT Law"), and the Provisions of Implementation for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), both effective on January 1, 2008, a non-PRC resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including dividends received from a PRC resident enterprise whose shares are issued and listed in Hong Kong, if such non-PRC resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation. The aforesaid income tax payable by the non-PRC resident enterprises shall be withheld at source, for which the payer of the income thereof shall be the withholding agent. When making such payment or when such payment becomes due and payable, the withholding agent shall withhold the income tax from the payment or the amount due and payable.

Notice on the Issues Concerning Withholding Enterprise Income Tax on the Dividends Payable by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise H Share Holders (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No.897) issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares which are derived out of profit generated since January 1, 2008. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

Pursuant to the Agreement of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006, the PRC Government may impose tax on dividends paid to a Hong Kong resident (including natural person and legal entity) by a PRC company, but such tax shall not exceed 10% of the total amount of the dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total amount of dividends payable by that PRC company.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau may be entitled to preferential treatment of the withholding tax imposed on dividends received by such investors from the PRC company. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise which is entitled to a preferential tax rate under a relevant income tax treaty or arrangement must apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and tax computed based on the treaty rate.

Taxation on Gains from Share Transfer

Individual Investors

In accordance with the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, effective from January 1, 1997, gains of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. After the latest amendment

to the IIT Law on June 30, 2011 and its implementing rules amended on July 19, 2011 and implemented on September 1, 2011, the SAT has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of listed shares. However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知) (Cai Shui [2009] No. 167), which provides that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from the individual income tax, except for shares of certain specified companies which are subject to sales limitations (as defined in the supplementary notice of such Circular issued on November 10, 2010). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprises

In accordance with the EIT Law and its implementation rules, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

PRC stamp duty

Under the Provisional Regulations of the PRC Concerning Stamp Duty (中華人民共和國印花稅暫行條例) amended on January 8, 2011 and the Rules for Implementation of Provisional Regulations of the PRC Concerning Stamp Duty (中華人民共和國印花稅暫行條例施行細則), effective on October 1, 1988, PRC stamp duty is imposed on documents that are legally binding in the PRC and governed by the PRC laws. Therefore, PRC stamp duty does not apply to acquisitions or dispositions of H shares outside PRC.

Estate duty

The PRC currently does not impose any estate duty.

MAJOR TAXES ON THE COMPANY IN THE PRC

Income tax

According to the EIT Law, enterprises and other organizations generating income within the territory of the PRC are subject to enterprise income tax at the rate of 25%.

Business tax

According to the PRC Provisional Regulations on Business Tax amended on November 10, 2008 and implemented on January 1, 2009, enterprises and individuals that provide labour services, transfer intangible assets or sell real estate within the territory of the PRC as specified by such regulations are subject to business tax. The business tax rate applicable to financial and insurance companies is 5%.

Pursuant to the Pilot Scheme for the Conversion of Business Tax to Value-added Tax (“VAT”) (營業稅改徵增值稅試點方案) (Cai Shui [2011] No.110) promulgated by the MOF and the SAT on November 16, 2011, starting from January 1, 2012, the State started the taxation reform of collecting VAT in lieu of business tax in certain regions (including Shanghai and Beijing) and in certain service industries (including transportation and certain modern service industries) on a trial basis. The MOF and the SAT further notified that the aforesaid pilot scheme for the conversion of business tax to VAT will be implemented nationwide since August 1, 2013. However, as of the Latest Practicable Date, the financial and insurance industry has not yet been included into the pilot scheme for the conversion of business tax to VAT.

TAXATION IN HONG KONG**Taxation on Dividends**

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by our Company.

Taxation on Capital Gains and Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as H Shares. However, trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Currently, a profits tax is imposed on corporations at the rate of 16.5% and on individuals at a maximum rate of 15.0%. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of H Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the market value of, the H Shares transferred on each of the seller and purchaser. In

other words, a total of 0.2% of stamp duty is payable on a typical sale and purchase transaction of H Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required). Where a sale or purchase of H Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE CONTROLS OF THE PRC

Renminbi is the lawful currency of the PRC, which is subject to foreign exchange controls and is not freely exchangeable. The SAFE, under the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

In accordance with the Notice on Deepening the Reform of the Foreign Exchange Administration System (關於進一步改革外匯管理體制的通知) (Guo Fa [1993] No.89), since January 1, 1994, the policy of conditional exchange of Renminbi applied to current account items, and the official exchange rate and the market rate for Renminbi was unified. The unified Renminbi exchange rate adopted a single, controlled floating exchange rate system based on market demand and supply. The PBOC will publish the exchange rate of Renminbi to other main currencies on a daily basis by reference to the change of international foreign exchange market. Buying and selling of foreign exchange between designated foreign exchange banks and their clients are allowed to be conducted within a range of floating exchange rates.

On January 29, 1996, the State Council promulgated the Regulations of the People's Republic of China for the Control of Foreign Exchange (中華人民共和國外匯管理條例) ("Foreign Exchange Control Regulations") which became effective from April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are not subject to SAFE approval while capital account items are. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and August 5, 2008. The latest amended Foreign Exchange Control Regulations clarifies that the State does not impose restrictions on international payments and transfers under the current account items.

On June 20, 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) ("Settlement Regulations") which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On October 25, 1998, the PBOC and the SAFE jointly promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (關於停辦外匯調劑業務的通知), pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprise shall come under the banking system for the settlement and sale of foreign exchange.

On July 21, 2005, the PBOC announced that, effective on the same date, the PRC would implement a regulated and managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and with reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. The PBOC will publish the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market on each trading day after the closing of the market, and will fix the central parity for the transaction of such foreign currency against Renminbi on the following trading day.

On August 5, 2008, the State Council promulgated the revised Regulations of the People's Republic of China for the Control of Foreign Exchange ("Revised Foreign Exchange Control Regulations"), which have made substantial changes to the foreign exchange regulatory system of the PRC. First, the Revised Foreign Exchange Control Regulations adopted an approach of balancing the inflow and outflow of foreign exchange fund. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administration authorities. Second, the Revised Foreign Exchange Control Regulations improved the mechanism for determining the Renminbi exchange rate based on market supply and demand. Third, the Revised Foreign Exchange Control Regulations enhanced the monitoring of cross-border foreign exchange fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations enhanced the supervision and administration of foreign exchange transactions and granted extensive authority to the SAFE to strengthen its supervisory and administrative ability.

Pursuant to the relevant rules and regulations of the State, all foreign exchange income generated from current account transactions of the PRC enterprises may be either retained or sold to financial institutions engaging in the settlement or sale of foreign exchange. Foreign exchange income from loans issued by organizations or from the issuance of bonds and shares outside the territory of the PRC (for example, foreign exchange income received by us from the sale of shares overseas) is not required to be sold to designated foreign exchange banks and can be deposited into foreign exchange accounts at the designated foreign exchange banks.

The PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of the SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises (like us) which, in accordance with regulations, are required to pay dividends to shareholders in foreign exchange, may on the strength of board resolutions or shareholders' resolutions on the distribution of profits, effect payment from their foreign exchange accounts or convert and pay at the designated foreign exchange banks.

The Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (國務院關於取消和調整一批行政審批項目等事項的決定), which was issued and became effective on October 23, 2014, cancelled the administrative approval by the SAFE and its branches over matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

According to the Notice on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (關於境外上市外匯管理有關問題的通知) issued by SAFE on December 26, 2014, a domestic issuer shall, within 15 working days after the completion of the offering of shares for its overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation. The proceeds raised from overseas listing of a domestic issuer can be repatriated to PRC or deposited overseas, and the usage of such proceeds shall be consistent with the purpose as specified in the prospectus and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the State Administration of Taxation on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (“SAFE Notice”), which came into effect on June 1, 2015. The SAFE Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks. Furthermore, according to the SAFE Notice, new overseas enterprises established or controlled by overseas enterprises established or controlled by domestic investors through re-investment are not required to go through the foreign exchange filing procedures.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix sets forth summaries of certain aspects of PRC law and regulations which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this prospectus. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between PRC and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of the PRC issuers. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is not intended to include all the information which may be important to the potential investors. For discussion of laws and regulations which are relevant to the business of the Company, please see the section entitled "Regulatory Environment."

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is composed of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC Government is a signatory, and other regulatory documents. Judicial decisions do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), the National People's Congress ("NPC") and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest administrative authority of the PRC and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, and institutions with administrative functions directly under the State Council may formulate department rules within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

and actual requirements of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. However, if there are separate provisions by law on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The people's governments of the provinces, autonomous regions and municipalities directly under the Central Government as well as cities divided into districts and autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people's governments of cities divided into districts and autonomous prefectures may only formulate local regulations in respect of urban and rural construction and management, environmental protection and historical and cultural protection. Local regulations which have been enacted involving aspects other than those described above shall continue to be in effect.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations and rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate rules and regulations of departments and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul any inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Resolutions of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee of the NPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC Judicial System

Under the Constitution and the PRC Law on the Organization of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is composed of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are composed of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may organize criminal division, civil division and economic division. The intermediate people's courts have similar divisions to those of the primary people's courts, and are entitled to organize other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC which supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or ruling of a local people's court to the people's court at the next higher level. Second judgments or ruling given at the next higher level are final. First judgments or ruling of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment which has been given in any people's court at a lower level, or the president of the people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), which was promulgated in 1991 and amended in 2007 and 2012, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either within the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or within the place of the object of the action and other place which has actual connection with the dispute, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in China:

- the PRC Company Law, which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised as of December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively and the latest revision of which was implemented on March 1, 2014;
- the Special Provisions, which were promulgated by the State Council on August 4, 1994 pursuant to the relevant provisions of the PRC Company Law, and are applicable to the overseas share subscription and listing of joint stock limited companies; and

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- the Mandatory Provisions, which were jointly promulgated by the former Securities Committee of the State Council and the State Economic Restructuring Commission on August 27, 1994, and stated the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in Appendix V — Summary of Articles of Association to this prospectus.

Set out below is a summary of the provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to our Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A SOE that is reorganized into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organizations.

A joint stock limited company shall conduct its business in accordance with laws and professional ethics. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a capital contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC Government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

According to the Securities Law, the total share capital of a company seeking to list its shares on a stock exchange shall be no less than RMB30 million.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before convening the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established and has the status of a legal person once the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign the prospectus to ensure that the prospectus does not contain any misrepresentation, seriously misleading statements or material omissions, and assume joint and several responsibility for it.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign shares, are known as "domestic shares." Upon approval of the CSRC, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance program may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares shall be issued in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement date and deadline of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the CSRC, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- creditors may require the company to pay its debts or provide guarantees covering the debts within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received; and
- it shall apply to the relevant industry and commerce administration the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; and (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting.

The purchase of shares on the grounds set out in (i) to (iii) above shall be approved by a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be canceled within ten days from the date of purchase in the case of (i) above and transferred or canceled within six months in the case of (ii) or (iv) above. Shares acquired in accordance with (iii) above shall not exceed 5% of the total number of the company's issued shares. Such acquisition shall be financed by funds appropriated from the company's profit after taxation, and the shares so acquired shall be transferred to the company's employees within one year.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders of a joint stock limited shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No changes of registration in the share register caused by transfer of registered shares shall be effected within twenty days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on change of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within thirty days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from the company.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Amendment of the Articles of Association

According to the PRC Company Law and the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and provisions of the articles of association. Shareholders' general meeting exercises the power to amend the company's articles of association. The resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders present at the meeting. The board of directors is responsible to the shareholders' general meeting and exercises powers including formulating the proposed amendments to the company's articles of association. The amendment of articles of association involving content of Mandatory Provisions will only be effective upon approval of the company examination and approval authority authorized by the State Council and of the CSRC. It must process the registration of changes involving matters of the company registration in accordance with laws. The Mandatory Provisions requires that the company must not modify or delete those provisions in the articles of association related to the mandatory provisions of the articles of association without authorization.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of surplus assets of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription amount in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the supervisory committee;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and losses recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid up share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the supervisory committee so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. In case the supervisory committee fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of our extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Special Regulations and the Mandatory Provisions, such notice in writing shall be delivered to all the registered shareholders 45 days in advance to the meeting, and the matters to be considered and time and venue of the meeting shall be specified. The written reply of shareholders planning to attend the meeting shall be delivered to the company 20 days in advance of the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one-half or more of the company's total voting shares. Otherwise the company shall, within five days, notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders by public announcement.

The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Pursuant to the Special Regulations, where the company convenes annual shareholder's general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholder's general meeting shall be placed in the agenda of the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of director or supervisor to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-third of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; and (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed at shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- making decisions on the establishment of the Company's internal management bodies;
- decide on appointment or dismissal of company managers and their remuneration, and decide on appointment or dismissal of deputy managers and finance controller of the company based on the nomination by the managers as well as their remuneration;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; and
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Supervisory Committee

A joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The supervisory committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee are elected with approval of more than half of all the supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the chairman of the supervisory committee is incapable of performing or not performing his duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the vice chairman of the supervisory committee is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the supervisory committee.

Each term of office of a supervisor is three years and he may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee exercises the following powers:

- to review the company's financial condition;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting;
- to initiate proposals for resolutions to shareholders' general meeting;

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The supervisory committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to manage the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the establishment of the Company's internal management bodies;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person-in-charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management refers to the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have the faithful and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accepting and possessing commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Pursuant to the PRC Company Law, the Company's financial and accounting reports shall be available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory reserve fund pursuant to the above provisions.

After allocation of the statutory reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory reserve fund into capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it engages without any refusal, withholding and misrepresentation.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Special Regulations provide that a company shall engage an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from its appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is provided. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders, on the grounds that the company suffers significant hardships in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court, requesting the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct a liquidation in a timely manner.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The liquidation group shall exercise the following powers during the liquidation period:

- to dispose the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment, and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debt shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before payments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to pay off its liabilities, it must apply to the people's court for a declaration of bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abuse of their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company or its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed foreign shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after obtaining the approval from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the respective shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court for a declaration that such certificate will no longer be valid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations relating to the issue and trading of shares and disclosure of information. The PRC Securities Law took effect on July 1, 1999 and was last revised on August 31, 2014. It is currently undergoing a new round of revisions. The PRC Securities Law is the first national securities law in the PRC, and comprehensively regulates activities in the PRC securities market. It is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. Article 238 of the PRC Securities Law provides that domestic enterprises shall obtain prior approval from the State Council's securities regulatory authorities to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law") passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer and, in the case of the Listing Rules, also in contracts between the issuer and each of its directors and supervisors, to the effect that any disputes or claims arising among the following parties will be referred to arbitration (i) between holders of shares and the issuer; and (ii) between holders of shares and the issuer's directors, supervisors, manager or other senior management. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission ("CIETAC") in accordance with its rules or the Hong Kong International Arbitration Center ("HKIAC") in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC. In accordance with the Arbitration Regulations of China International Economic and Trade Arbitration Commission (《中國國際經濟貿易仲裁委員會仲裁規則》) amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The CIETAC is located in Beijing and it has set up several branches and centers such as in Shenzhen, Shanghai, Tianjin, Chongqing and Hong Kong.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the Arbitration Law and PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party may apply to the people's court for enforcement. A people's court shall order the cancellation of an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or exceeds the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state on the principle of reciprocity; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

Agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in China.

OVERSEAS DIRECT INVESTMENT REGULATIONS

Pursuant to the Regulations on the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM which became effective on October 6, 2014, enterprises shall obtain approval from or register with the commerce authorities for conducting overseas investment according to such regulations.

Pursuant to Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE which became effective on August 1, 2009, upon obtaining approval for overseas investment, a PRC enterprise shall apply for foreign exchange registration for its overseas direct investments. According

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

to the SAFE Notice, which came into effect on June 1, 2015, the administrative approval for foreign exchange registration approval under overseas direct investment has been cancelled, and the banks are entitled to review and carry out foreign exchange registration under foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

In accordance with the Administrative Measures for Verification and Registration of Overseas Investment Projects (《境外投資項目核准和備案管理辦法》) amended by the NDRC and took effect on December 27, 2014, outbound investment projects involving sensitive countries and regions or sensitive industries shall be examined and approved by the NDRC. Outbound investments of US\$2 billion or above by Chinese investors are subject to the approval of the State Council after being examined by the NDRC. Other outbound investment projects shall be reported to the NDRC or its provincial counterparts for the record.

According to the Securities Law (《中國證券法》) and the Regulations for Supervision and Administration of Securities Companies (《證券公司監督管理條例》) as amended and took effect on July 29, 2014, domestic securities companies in the PRC which establish or acquire securities operation entities overseas or purchase equity interest in securities operation entities overseas are required to make an application to the CSRC for approval.

ANTI-MONEY LAUNDERING REGULATIONS

The Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), which became effective on January 1, 2007, sets out the responsibilities of the relevant financial regulatory authorities regarding anti-money laundering, including supervision over anti-money laundering, formulation of rules and regulations regarding anti-money laundering activities of financial institutions, monitoring and inspection of the anti-money laundering practice of financial institutions and investigations on suspicious transactions within their respective scope of authority. The persons in charge of the financial institutions shall be responsible for the effective implementation of internal control system regarding anti-money laundering. Financial institutions shall establish a client identification system and a system for keeping clients' identity information and transaction records, as well as a report system for transactions involving large sums of money and for dubious transactions according to applicable requirements.

Pursuant to the Anti-money Laundering Regulations for Financial Institutions (《金融機構反洗錢規定》) promulgated by the PBOC which became effective on January 1, 2007, financial institutions and their branches are required to establish a comprehensive internal control system for anti-money laundering, and set up a special anti-money laundering department or designate an internal department to implement the anti-money laundering measures, formulate internal anti-money laundering policies and procedures and organize anti-money laundering training for staff to enhance their anti-money laundering capability.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Pursuant to the Measures on the Administration over Client Identification and Maintenance of Client Identity Materials and Transaction Records of Financial Institutions (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》) promulgated jointly by the PBOC, CBRC, CSRC and CIRC which became effective on August 1, 2007, financial institutions are required to establish a client identification system, maintain records for the identities and relevant transactions of all clients and keep all retail transaction documents and record books.

Pursuant to the Administrative Measures on Reporting Large-Sum Transactions and Dubious Transactions of Financial Institutions (《金融機構大額交易和可疑交易報告管理辦法》) promulgated by the PBOC which became effective on March 1, 2007, upon the detection of any transactions involving large sums of money or dubious transactions, the head office or the designated department of the financial institutions shall electronically report such transactions to the China Anti-money Laundering Monitoring and Analysis Center.

The Implementation Measures on the Anti-money Laundering by Securities and Futures Industry (《證券期貨業反洗錢工作實施辦法》) promulgated by CSRC which became effective on October 1, 2010, further regulate the anti-money laundering regulations for the securities and futures industry, as well as the anti-money laundering responsibilities of the institutions engaging in sales of funds in their business operation. Securities and futures entities shall also establish and enhance internal control systems for anti-money laundering.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or subscription. The latest amended PRC Company Law removed the general provisions on statutory minimum registered capital, except that laws, administrative regulations and the State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital, in which case the company should follow such provisions.

Share Capital

Under the new Companies Ordinance, the concept of the nominal value (also known as par value) of shares of a Hong Kong company has been abolished, and the companies have increased flexibility to alter its share capital by (i) increasing its share capital; (ii) capitalizing its profits; (iii) allotting and issuing bonus shares with or without increasing its share capital; (iv) converting its shares into larger or smaller number of shares; and (v) cancelling its shares. The concept of authorized capital no longer applies to a Hong Kong company formed on or after March 3, 2014 as well. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our shareholders' general meeting and the relevant PRC governmental and regulatory authorities (if applicable).

Under the PRC Securities Law, a company which is authorized by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisal must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by the State, PRC legal persons, natural persons and other investment institutions as permitted by laws and regulations. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. In addition, pursuant to the "Announcement on Launching the Pilot Shanghai-Hong Kong Stock Connect" (《關於開展滬港股票市場交易互聯互通機制試點的公告》) ("Shanghai-Hong Kong Stock Connect Notice"), qualified PRC investors could buy specified overseas listed shares through systems such as Shanghai-Hong Kong Stock Connect.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the Company Law, shares in a joint stock limited liability company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Stock Exchange. Shares held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25.0% of the total shares held by them, and the shares of the company held by such person cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by our Company and our controlling shareholder to the Hong Kong Stock Exchange described in the section entitled "Underwriting" in this prospectus.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries on providing such financial assistance for acquisition of shares similar to those under the Hong Kong company law.

Variation of Class Rights

The PRC Company Law has no special provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix entitled "Appendix V — Summary of Articles of Association" to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of the company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Committee

Under the PRC Company Law, a joint stock limited company's directors and managers are subject to the supervision of a supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisory committee violates their fiduciary obligations to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors in default.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' Meetings

Under the PRC Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders, and shareholders who wish to attend the meeting must reply in writing at least 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum period of notice of a general meeting, where convened for the purpose of considering ordinary resolutions, is 14 days and, where convened for the purpose of considering special resolutions, is 21 days. The notice period for an annual general meeting is 21 days.

Quorum for Shareholders' Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member. The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Financial Information Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its annual balance sheet, profit and loss account, statement of changes in financial position and other relevant annexure 20 days before its shareholders' annual general meeting. In addition, a company established by the public subscription method under the PRC Company Law must publish its financial position. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is two years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of overseas listed foreign shares dividends declared and all other monies owed by the company in respect of its shares.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 of the Companies Ordinance, which requires the sanction of the court. Under PRC law, merger, division, dissolution or change the form of a joint stock limited liability company has to be approved by shareholders in general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on one hand, and a company incorporated in Hong Kong or its directors on the other, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors and supervisors are not permitted to engage in any activities which compete with or damage the interests of their company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days under certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' meeting or within five days before the base date set for the purpose of distribution of dividends.

HONG KONG LISTING RULES

The Hong Kong Listing Rules provide additional requirements applicable to an issuer which is incorporated in the PRC as a joint stock limited liability company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to our Company.

Compliance Advisor

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor acceptable to the Hong Kong Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results. The compliance advisor should provide the company with professional advice on continuous compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance advisor may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company. The company should proactively discuss and seek advice and maintain regular contact with its compliance advisor and keep them apprised of developments in the company and proposed corporate actions. It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be outside Hong Kong frequently.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Accountants' Report

The accountants' report must normally be drawn up in conformity with: (a) HKFRS; or (b) IFRS; or (c) China Accounting Standards for Business Enterprises ("CASBE") in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Process Agent

A company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange. The company must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

Public Shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, the Listing Rules require that the aggregate amount of H shares and other securities held by the public must constitute not less than 25% of the PRC issuer's issued share capital and that the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK\$50 million. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the issuer is expected to have a market capitalization at the time of listing of more than HK\$10,000 million.

Independent Non-executive Directors and Supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the requisite character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

Restrictions on Purchase and Subscription of Its Own Securities

Subject to governmental approvals and the provisions of the Articles of Association, our Company may repurchase our own H shares on the Hong Kong Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of special resolution of the holders of Domestic Shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, our Company is required to provide information on any proposed or actual purchases of all or any of our equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences (if any) of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which they are aware. Any general mandate given to the Directors to repurchase H Shares must not exceed 10% of the total amount of existing issued H Shares.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Mandatory Provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the supervisory committee of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in the appendix entitled “Appendix V — Summary of the Articles of Association” to this prospectus.

Redeemable Shares

Our Company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the H Shares are adequately protected.

Pre-emptive Rights

Except under the circumstances mentioned below, the Directors are required to obtain the approval by a special resolution of Shareholders in a general meeting, and the approvals by special resolutions of the holders of Domestic Shares and H Shares (each being entitled to vote at general meetings) at separate class meetings conducted in accordance with the Articles of Association, prior to authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities.

No such approval will be required under the Listing Rules, but only to the extent that the existing Shareholders of our Company have by special resolution in a general meeting given a mandate to the Directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing Domestic Shares and H Shares as of the date of the passing of the relevant special resolution or of such Shares that are part of our plan at the time of our establishment to issue Domestic Shares and H Shares and which plan is implemented within 15 months from the date of approval by the CSRC.

Supervisors

Our Company is required to adopt rules governing dealings by the Supervisors in securities of our Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Hong Kong Stock Exchange.

Our Company is required to obtain the approval of the Shareholders in a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to our Company or any of our subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of our Company or our subsidiaries: (i) the contract is for a duration that may exceed three years; or (ii) the contract expressly requires our Company to give more than one year’s notice or to pay compensation or make other payments equivalent to more than one year’s emoluments.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Remuneration Committee of our Company or an independent board committee must form a view in respect of service contracts that require Shareholders' approval and advise Shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of our Company and the Shareholders as a whole and advise Shareholders on how to vote.

Amendment to the Articles of Association

Our Company is required not to permit or cause any amendment to be made to the Articles of Association which would cause the same to cease to comply with the Mandatory Provisions relating to such Articles of Association.

Documents for Inspection

Our Company is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by Shareholders at reasonable charges of the following:

- a complete duplicate register of Shareholders;
- a report showing the state of the issued share capital of our Company;
- our Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of our Company;
- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares); and
- for Shareholders only, copies of minutes of meetings of Shareholders.

Receiving Agents

Our Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

Statements in Share Certificates

Our Company is required to ensure that all of our listing documents and share certificates include the statements stipulated below and to instruct and cause each of our share registrars not to register the subscription, purchase or transfer of any of our shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect that the acquirer of the shares:

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- agrees with our Company and each Shareholder of our Company, and our Company agrees with each Shareholder of our Company, to observe and comply with the Company Law, the Special Regulations and the Articles of Association;
- agrees with our Company, each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for itself and for each Director, Supervisor, manager and officer of our Company agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with our Company and each Shareholder of our Company that the H Shares in the share capital of our Company are freely transferable by the holder thereof; and
- authorizes our Company to enter into a contract on his behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligation to Shareholders as stipulated in the Articles of Association.

Legal Compliance

Our Company is required to observe and comply with the Company Law, the Special Regulations and the Articles of Association.

Contract between Our Company and Our Directors, Officers and Supervisors

Our Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to our Company to observe and comply with the Company Law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that our Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;
- an undertaking by the Director or officer to our Company acting as agent for each Shareholder to observe and comply with his obligations to Shareholders as stipulated in the Articles of Association;
- an arbitration clause which provides that whenever any differences or claims arise from any rights or obligations conferred or imposed by that contract, the Articles of Association, the Company Law or other relevant law and administrative regulations concerning the affairs of our Company between our Company and the Directors or officers and between a holder

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

of H Shares and a Director or officer of our Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its securities arbitration rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of HKIAC;
- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;
- the award of the arbitral body is final and shall be binding on the parties thereto;
- the agreement to arbitrate is made by the Director or officer with our Company on our own behalf and on behalf of each Shareholder; and
- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

Our Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

Subsequent Listing

Our Company must not apply for the listing of any of the H Shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

English Translation

All notices or other documents required under the Listing Rules to be sent by our Company to the Hong Kong Stock Exchange or to holders of the H Shares are required to be in the English language, or accompanied by a certified English translation.

General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the bases upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including our Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of the Listing.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

OTHER LEGAL AND REGULATORY PROVISIONS

Upon the Listing, the provisions of the SFO, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to our Company.

SECURITIES ARBITRATION RULES

The Articles of Association provide that certain claims arising from the Articles of Association or the Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The securities arbitration rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purposes of the securities arbitration rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

Set out herein is a summary of the Articles of Association, the principal objective of which is to provide potential investors with an overview of the Articles of Association. As the information contained herein is in summary form, it may not contain all the information that is important to potential investors.

Scope of Business

The business scope of the Company is:

1. brokerage business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
2. proprietary business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
3. underwriting business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds;
4. promotion and management of funds;
5. advisory services on corporate restructuring and mergers and acquisitions;
6. advisory services on project financing;
7. investment consultancy and other consultancy businesses;
8. foreign exchange trading;
9. foreign exchange asset management of overseas enterprises and domestic foreign-invested enterprises;
10. inter-bank lending and borrowings;
11. asset management for clients;
12. online agency securities trading;
13. securities margin trading;
14. sales of financial products on an agency basis;

15. sales of securities investment fund on an agency basis;
16. introducing brokerage for futures companies;
17. securities investment fund custody business; and
18. other businesses as approved by financial regulatory authorities.

The Company can establish subsidiaries or branches to conduct businesses in accordance with regulations as approved by competent authorities or as permitted by laws and regulations.

Shares

Shares and Registered Capital

The shares of the Company shall take the form of stocks. The Company shall have ordinary shares at all times; it may have other types of shares in accordance with its needs upon approval from the departments authorized by the State Council.

Shares of the Company shall be issued in accordance with the principles of fairness and impartiality. Shares of the same class shall rank *pari passu* with each other. For same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any entity or individual, the price payable for each of such shares shall be the same.

Subject to the approval of the securities regulatory authorities of the State Council or other relevant regulatory authorities, the Company may issue shares to domestic and foreign investors. Subject to the approval of the Company's plans for issuing overseas-listed shares and domestic shares by the securities regulatory authorities of the State Council, the board of directors of the Company may arrange for implementation of such plan by separate issues. Where the Company issues overseas-listed shares and domestic shares respectively within the total number of shares specified in the issue plan, the respective shares shall be fully subscribed for in one go. Where it is impossible for respective shares to be fully subscribed for in one go under exceptional circumstances, the shares may be issued in several tranches subject to the approval of the securities regulatory authorities of the State Council.

Transfer of Shares

Unless otherwise provided in laws, regulations and requirements of securities regulatory authorities in the place where the Company's shares are listed, shares of the Company may be transferred freely with no lien attached. Transfer of overseas-listed shares listed in Hong Kong requires registration by the share registrar in Hong Kong appointed by the Company.

The Company shall not accept any pledge with its own shares as the subject matter.

Shares of the Company held by the promoters shall not be transferred within one (1) year from the date of the establishment of the Company. The shares of the Company issued prior to the Company's public offering of shares shall not be transferred within one (1) year from the date the shares of the Company being listed and traded on the stock exchange(s). The directors, supervisors and Senior Management of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% per annum of the total number of the shares of the Company held by them during their term of office, unless such changes are caused by compulsory judicial enforcement, inheritance, legacy or distribution of properties in accordance with the laws. The shares of the Company held by them shall not be transferred within one (1) year from the date the shares of the Company being listed and traded on the stock exchange(s). The aforementioned person(s) shall not transfer the shares of the Company held by them within six (6) months commencing from the termination of their service.

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company shall include a person who directly or indirectly assumes any obligations for the purpose of the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means and at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging the obligations directly or indirectly assumed by that person for acquiring or proposing to acquire shares of the Company unless in the following circumstances:

1. the financial assistance by the Company is given in good faith and in the interest of the Company, and the principal purpose of the financial assistance is not for the acquisition of shares of the Company, or the financial assistance is an ancillary part of a master plan of the Company;
2. the lawful distribution of the Company's assets by way of dividends;
3. the allotment of shares as dividends;
4. a reduction of registered capital, buy-back of shares or reorganization of the share capital structure of the Company, etc. in accordance with the Articles of Association;
5. provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is paid out of the distributable profits of the Company);
6. the provision of money by the Company for an employee stock ownership plan (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are reduced, the financial assistance is paid out of the distributable profits of the Company).

Repurchase of Shares

Under the following circumstances, the Company may buy back its outstanding shares in accordance with laws and regulations and the Articles of Association:

1. cancelling shares to reduce the Company's registered capital;
2. merging with companies which hold shares in the Company;
3. awarding shares to employees of the Company;
4. acquiring shares held by shareholders who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company upon their request; and
5. other circumstances as permitted by laws and regulations.

The Company may buy back the Company's shares in one of the following manners:

1. by making a pro rata general offer of buy-back to all shareholders;
2. by repurchasing shares through public trading on a stock exchange;
3. by repurchasing through an off-market agreement; and
4. by other means as permitted by laws and regulations and relevant authorities.

Where the Company buy-backs its shares through an off-market agreement, it shall seek prior approval of the shareholders' general meeting in accordance with the Articles of Association.

After the shares are bought back by the Company pursuant to the laws, it shall cancel such shares bought back within the period prescribed by laws and regulations, and shall apply to the relevant registration authority of the Company for registration of the change in the registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

Increase and Decrease of Shares

The Company may, based on its business and development needs and in accordance with the relevant laws and regulations, increase its registered capital in the following manners upon respective resolutions being adopted by the shareholders' general meetings:

1. by public offering of shares;
2. by nonpublic offering of shares;

3. by placing new shares to its existing shareholders;
4. by issuing bonus shares to its existing shareholders;
5. by capitalizing its capital common reserve;
6. by any other means permitted by laws and regulations and the relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and regulations of the PRC.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of properties.

The Company shall notify its creditors within ten (10) days from the date of the resolution on reduction of registered capital and shall make an announcement in newspapers within thirty (30) days of the date of the resolution approving the reduction. A creditor shall have the right either within thirty(30) days of receipt of notice, or within forty-five (45) days of the date of the first announcement if he has not received a notice, to require the Company to settle indebtedness or provide security for the indebtedness.

The registered capital of Company after such reduction shall not be lower than the statutory minimum amount of registered capital.

Share Certificates and Register of Shareholders

The Company's share certificates shall be in registered form. The following particulars shall be stated on a share certificate:

1. the name of the Company;
2. the date of the Company's establishment;
3. the class of the shares, the par value and the number of shares represented by the certificate;
4. the serial number of the share certificate; and
5. other items as stipulated in the Company Law and required to be specified by the stock exchange(s) on which the shares of the Company are listed.

The Company may issue overseas-listed shares in form of depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and depository of securities in the place where the shares of the Company are listed.

The Company shall keep a register of shareholders, which shall contain the following particulars:

1. the name, address (domicile), occupation or nature of each shareholder;
2. the class and number of shares held by each shareholder;
3. the amount paid-in or payable in respect of the shares held by each shareholder;
4. the serial numbers of the shares held by each shareholder;
5. the date on which each shareholder is registered as a shareholder;
6. the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall constitute sufficient evidence of the holding of the Company's shares by a shareholder's shareholding in the Company, unless there is evidence to the contrary.

The Company may, in accordance with mutual understanding and agreements made between the securities regulatory authorities of State Council and overseas securities regulatory authorities, keep the register of shareholders of overseas-listed shares outside the PRC and appoint overseas agent(s) for management. The original register of holders of overseas-listed shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a duplicate of the register of holders of overseas-listed shares at the Company's address; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed shares at all times.

If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed shares, the original version shall prevail.

The register of shareholders shall not be altered for the reason of share transfer within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days prior to the record date set by the Company for the purpose of distribution of dividends.

Any person who disputes the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a competent court for rectification of the register.

Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may apply to the Company for issue of a replacement share certificate in respect of such shares (the "Relevant Shares") if his share certificate (the "Original Certificate") is stolen, lost or destroyed.

Shareholders and Shareholders' General Meeting**Shareholders**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of shareholders. Shareholders shall enjoy rights and have obligations in accordance with the class and number of shares held by them. Shareholders holding the same class of shares shall be entitled to equal rights and have equal obligations.

If two or more persons are registered as joint holders of any of the shares, they shall be deemed as joint owners of relevant shares, but shall be subject to the following conditions:

1. the Company shall register for no more than four (4) persons as the joint holders of any shares;
2. all the joint holders of any shares shall be jointly liable for all amounts payable for the relevant shares;
3. if one of the joint shareholders is deceased, only the other surviving joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the power to require them to provide a death certificate of the relevant shareholder as necessary for the purpose of revising the relevant register of shareholders;
4. In respect of the joint holders of any shares, only the joint shareholder ranked first in the register of shareholders has the right to receive certificates of the relevant shares from the Company or receive notices of the Company. Any notice which is delivered to the aforementioned shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares.

The shareholders of ordinary shares of the Company shall be entitled to the following rights:

1. the right to receive dividends and other forms of distribution in proportion to the number of shares held by them;
2. the right to attend or appoint a proxy to attend shareholders' general meetings and exercise voting rights;
3. the right to supervise the business activities of the Company and to put forward proposals and raise inquiries;
4. the right to transfer, donate, or pledge shares held by them in accordance with laws, regulations and the Articles of Association;

5. the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 - (1) to obtain a copy of the Articles of Association upon payment of the cost of such copy;
 - (2) to inspect and photocopy upon payment of a reasonable charge: all parts of the register of shareholders; personal particulars of each of the Company's directors, supervisors and Senior Management; minutes of shareholders' general meetings; the status of the Company's share capital; the latest audited financial statements of the Company, directors' reports and supervisors' report; special resolutions of the shareholders' general meetings; reports of the aggregate par value, number of shares, highest and lowest prices paid by the Company in respect of each class of shares bought back by the Company since the end of the last financial year and all the expenses paid by the Company; a copy of the latest annual return filed with the Administration for Industry and Commerce or other relevant authorities.
6. with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
7. in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company corresponding to the number of shares held;
8. other rights conferred by laws and regulations and the Articles of Association.

If a resolution passed at the shareholders' general meeting or meeting of the board of directors of the Company violates the laws or regulations, the shareholders shall have the right to submit a petition to the People's Court to render the same invalid (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

If the procedures for convening, or the method of voting at, a shareholders' general meeting or meeting of the board of directors violate the laws, regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the right to submit a petition to the People's Court to revoke such resolution within sixty (60) days from the date on which such resolution is adopted (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

Where the Company incurs loss as a result of violation of the laws, regulations or the Articles of Association by directors and Senior Management in the course of performing their duties, shareholders individually or collectively holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall have the right to request in writing the supervisory committee to initiate legal proceedings in the People's Court. Where the Company incurs loss as a result of violation of laws, regulations or the Articles of Association by the supervisory committee in

the course of performing its duties, the shareholders shall have the right to request in writing to the board of directors to initiate legal proceedings in the People's Court (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

In the event that the supervisory committee or the board of directors refuses to initiate legal proceedings upon receipt of the written request of the aforesaid shareholders, or fails to initiate such legal proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders individually or collectively holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall have the right to initiate legal proceedings in the People's Court directly in their own names in the interest of the Company (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, shareholders individually or collectively holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more may initiate legal proceedings in the People's Court in accordance with the aforesaid provisions.

If any director or Senior Management is in violation of laws, regulations or the Articles of Association, thus causing any losses to the shareholders, the shareholders may initiate legal proceedings against such director or Senior Management in the People's Court (the stipulations of the rules for dispute resolution under the Articles of Association shall be applicable to holders of overseas-listed shares).

The shareholders of ordinary shares of the Company shall have the following obligations:

1. to abide by the Articles of Association;
2. to pay for the shares in accordance with the shares subscribed for and the manners in which they became shareholders;
3. not to surrender the shares unless required by law and regulations;
4. not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company; where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for indemnity in accordance with the law; where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;

5. not to violate laws, regulations and the Articles of Association to intervene in the business and management of the Company, and not to request the Company to provide any information that may cause the Company to violate applicable laws, regulations, regulatory requirements or other requirements imposed by governments; and
6. other obligations imposed by laws, regulations and the Articles of Association.

A shareholder holding 5% or more of the shares of the Company with voting rights shall give notice to the Company within five (5) Business Days upon the occurrence of the following events:

1. adoption of properties preservation or mandatory enforcement measures with respect to the shares of the Company held or controlled by him or it;
2. pledge of shares of the Company held by him;
3. change of actual controller (the person who is not a shareholder of the Company, but has actual control over the Company through investment, agreement or other arrangements);
4. change of name;
5. merger or division;
6. imposition of regulatory measures such as suspension of business for rectification, appointment of trustee, takeover or revocation, or in the process of dissolution, bankruptcy or liquidation proceedings;
7. imposition of administrative punishments or criminal liabilities due to material breach of laws and regulations;
8. occurrence of other events that may result in transfer of shares of the Company held or controlled by him or may affect the operations of the Company.

The Company shall report to the branch office of the securities regulatory authorities of the State Council of its place of domicile within five (5) business days upon becoming aware of the aforesaid events. Shareholders shall notify the Company in advance if, through subscription or assignment of the shares of the Company or holding of interest in shareholders of the Company or otherwise, the shareholders may hold 5% or more of the Company's registered capital. Shareholders shall be duly entitled to hold the corresponding proportion of shares only upon obtaining approval from the securities regulatory authorities of the State Council. Shareholders holding or beneficially owning 5% or more of the Company's shares shall not have any corresponding voting rights with respect to such shares until approval of qualifications for shareholders is obtained from the securities regulatory authorities of the State Council. The aforementioned shareholders shall dispose of the corresponding shareholding if they are unable to obtain such approval within twelve (12) months.

The controlling shareholder of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise his rights as a contributor in strict compliance with the laws. The controlling shareholder shall not infringe the legitimate rights and interests of the Company and its public shareholders through profit distribution, asset restructuring, foreign investment, appropriation of capital, offering security for loans and shall not make use of his controlling status to jeopardize the interests of the Company and its public shareholders.

The controlling shareholder and the actual controller of the Company shall not use their affiliation to act in detriment to the interests of the Company. If they violated the provisions and caused losses to the Company, they shall be liable for such losses.

General Provisions for the Shareholders' General Meeting

The shareholders' general meeting is the body exercising the authority of the Company and shall exercise the following duties and powers in accordance with the law:

1. to determine the business policies and investment plans of the Company;
2. to elect and replace directors and determine matters relating to the remuneration of directors;
3. to elect and replace supervisors who are not employee-supervisors and determine matters relating to the remuneration of supervisors;
4. to consider and approve the directors' reports;
5. to consider and approve the supervisors' reports;
6. to consider and approve the Company's proposed annual preliminary financial budgets and final accounts proposals;
7. to consider and approve the Company's plans of profit distribution and plans for loss recovery;
8. to determine increases or reductions in the Company's registered capital, and issuance of any class of shares, warrants or other similar securities;
9. to determine the issue of bonds by the Company;
10. to determine matters such as merger, division, dissolution and liquidation of the Company or alteration of corporate form;
11. to amend the Articles of Association, rules of procedures of the shareholders' general meeting, rules of procedures of the meeting of board of directors and rules of procedures of the meeting of supervisory committee;

12. to consider and approve the buy-back of the Company's shares;
13. to consider and approve matters relating to the purchases, disposals of material assets, or provisions of guarantees, which are more than 30% of the latest audited total assets, within one (1) year;
14. to consider and approve matters relating to changes in the use of proceeds;
15. to consider the Company's share incentive schemes;
16. to consider and approve related-party transactions which shall be approved at the shareholders' general meeting in accordance with the laws, regulations, and the rules of securities regulatory authorities in the place where the Company's shares are listed;
17. to determine the Company's appointments, dismissals or discontinuance of appointment of accountancy firms;
18. to consider and approve the proposals submitted by shareholders individually or jointly holding 3% or more of the Company's voting shares;
19. to consider other matters except those required to be resolved by the shareholders' general meeting pursuant to laws, regulations, the rules of securities regulatory authorities in the place where the Company's shares are listed and the Articles of Association.

The Company shall not provide financing or guarantee to its shareholders or their related parties.

Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meeting shall be held once every year within six (6) months after the end of the previous financial year.

The Company shall convene an extraordinary shareholders' general meeting within two (2) months upon the occurrence of the following events:

1. the number of directors is less than the minimum number prescribed in the Company Law, or less than two-thirds of the number required by the Articles of Association;
2. the unrecovered losses of the Company amount to one-third of the Company's total share capital;
3. shareholders individually or collectively holding 10% or more of the Company's voting shares (the "Requesting Shareholders") request in writing to hold an extraordinary shareholders' general meeting;
4. the board of directors considers it necessary or the supervisory committee proposes to hold such a meeting;

5. such other circumstances as required by the laws and regulations or the Articles of Association.

Convening of Shareholders' General Meeting

The shareholders' general meetings shall be convened by the board of directors. The supervisory committee or shareholders may convene the shareholders' general meeting on their own initiative, subject to the relevant requirements specified in the Articles of Association.

Independent non-executive directors have the right to propose to the board of directors to convene extraordinary shareholders' general meetings. The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with the laws, regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholders' general meeting, notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. The board of directors shall provide reasons if it decides not to convene an extraordinary shareholders' general meeting.

The supervisory committee has the right to propose to the board of directors to convene extraordinary shareholders' general meetings and such proposal shall be made by way of written request(s). The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with the laws, regulations and the Articles of Association.

If the board of directors agrees to convene an extraordinary shareholder's general meeting, notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. Any changes to the original proposal in the notice require the consent of the supervisory committee.

If the board of directors decides not to convene an extraordinary shareholders' general meeting or does not reply within ten (10) days upon receipt of such proposal, the board of directors will be considered as unable or refusing to fulfill the obligation to convene shareholders' general meetings and the supervisory committee may convene and preside over the meeting on its own.

When shareholders request to convene an extraordinary shareholders' general meeting or shareholders' class meeting, the following procedures shall be followed:

1. The Requesting Shareholders may sign a written proposal requesting the board of directors to convene an extraordinary shareholders' general meeting or shareholders' class meeting. The board of directors shall reply in writing agreeing or disagreeing to convene an extraordinary shareholders' general meeting within ten (10) days upon receipt of such proposal in accordance with laws, regulations and the Articles of Association.

2. If the board of directors decides to convene an extraordinary shareholders' general meeting, a notice to convene such meeting shall be issued within five (5) days after the resolution to convene an extraordinary shareholders' general meeting is adopted by the board of directors. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
3. If the board of directors decides not to convene an extraordinary shareholders' general meeting or does not reply within ten (10) days upon receipt of such request, the Requesting Shareholders have the right to propose to the supervisory committee to convene an extraordinary shareholders' general meeting by way of written request(s).
4. If the supervisory committee decides to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within five (5) days upon receipt of such request. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
5. If the supervisory committee does not issue the notice of the shareholders' general meeting within the required period, it will be considered as a refusal to convene and preside over the shareholders' general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company for ninety (90) consecutive days or more (the "Convening Shareholder") have the right to convene and preside over the meeting on their own.
6. The Convening Shareholder must hold no less than 10% of shares in the Company immediately before the resolution of such meeting is announced.

With regard to the shareholders' general meeting convened by the supervisory committee or shareholders on their own initiatives, the board of directors and the secretary of the board of directors shall provide assistance. The board of directors shall provide the register of shareholders as at the record date for the registration of shareholding.

All reasonable expenses incurred by the supervisory committee or the shareholders in convening the shareholders' general meeting on their own initiatives shall be borne by the Company and shall be deducted from the sums owed by the Company to the defaulting directors.

Proposals of Shareholders' General Meeting

The board of directors, supervisory committee or shareholders, individually or jointly, holding 3% or more of the total voting shares of the Company shall have the right to submit written proposals to the shareholders' general meeting to be convened. The Company shall include matters that fall within the scope of power of the shareholders' general meeting in the agenda of such meeting.

Shareholders, individually or jointly, holding 3% or more of the Company's voting shares may submit a written proposal to the convener of the shareholders' general meeting ten (10) days prior to the date of the shareholders' general meeting. The convener shall notify other shareholders within two(2) days upon receipt of the proposal by issuing a supplementary notice of the shareholders' general meeting, and shall include matters that fall within the scope of power of the shareholders' general meeting in the agenda of such meeting to be submitted to the shareholders' general meeting for consideration.

Resolutions with regard to matters other than those specified above shall not be adopted at the shareholders' general meetings.

Resolutions at Shareholders' General Meeting

Resolutions of shareholders' general meeting shall take the form of ordinary resolutions or special resolutions. Ordinary resolutions adopted by the shareholders' general meeting shall require over half of the voting rights represented by the shareholders (including their proxies) actually attending the shareholders' general meeting. Special resolutions adopted by the shareholders' general meeting shall require two-thirds or more of the voting rights represented by the shareholders (including their proxies) actually attending the shareholders' general meeting.

The following matters shall require the adoption of special resolutions by the shareholders' general meeting:

1. the increase or reduction of the Company's registered capital and the issuance of any class of shares, warrants and other similar securities;
2. the division, merger, dissolution and liquidation or change of corporate form of the Company;
3. the issuance of Company's bonds;
4. the amendment of the Articles of Association;
5. the consideration and approval of the Company's share buy-back;
6. the consideration and approval of matters relating to the Company's purchases or disposals of material assets or the provision of guarantees within one (1) year, which are more than 30% of the latest audited total assets of the Company;
7. the consideration of the shares incentive scheme;
8. other matters that the shareholders' general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution;

9. other matters to be adopted by special resolutions as required by laws, regulations, securities regulatory authorities where the Company's shares are listed or the Articles of Association.

The shareholders (including their proxies), in the course of voting at a shareholders' general meeting, shall exercise their voting rights as represented by the number of voting rights held by them, and each share shall have one vote. However, the Company shall have no voting rights for the shares held by itself, and such shares shall not be counted towards the total number of voting shares at a shareholders' general meeting.

When any shareholders' general meeting considers matters related to related-party transactions, the related shareholder shall not vote and the number of voting shares that he represents shall not be counted as part of the total number of valid votes.

All resolutions proposed at the shareholders' general meeting shall be voted separately, and for different motions on the same matter, voting will be conducted according to the time the motions are proposed. Other than special reasons such as force majeure, which results in the interruption and termination of the shareholders' general meeting or makes it impossible to adopt resolutions, the shareholders' general meeting shall not set aside the motions and shall vote on them.

When resolutions are to be voted at the shareholders' general meeting, the counting of votes and scrutinizing of the voting-counting shall be conducted by one or more parties involving lawyers, shareholder representatives, supervisor representatives, the Company's auditor, share registrar of overseas-listed shares listed in Hong Kong or external auditors qualified to serve as the Company's auditor. The voting results shall be announced during the meeting and the voting results shall be recorded in the minutes of the meeting.

Special Procedures for Voting by Class Shareholders

Holders of different classes of shares are class shareholders. Apart from holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed as shareholders of different classes.

Rights conferred on any class of shareholders may not be varied or abrogated without the approval of a special resolution by a shareholders' general meeting, and by the affected shareholders of that class at a separate shareholders' general meeting convened in accordance with the Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

1. an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

2. a change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
3. a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
4. a reduction or removal of preferential rights to receive dividends attached to shares of that class or the distribution of properties during liquidation of the Company;
5. an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issue or rights to acquire securities of the Company attached to shares of such class;
6. a removal or reduction of rights to receive amounts payable by the Company in particular currency attached to shares of such class;
7. a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
8. an imposition of restrictions or restrictions on the transfer or ownership of shares of such class;
9. an issuance of rights to subscribe for, or to convert into, shares of such class or another class;
10. an increase in the rights and privileges of shares of another class;
11. restructuring of the Company in such a way resulting in the disproportionate distribution of obligations among various classes of shareholders; and
12. an amendment or abrogation of the provisions on special procedures for voting by class shareholders of the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at the shareholders' general meetings, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items 2 to 8 or 11 and 12 above, except that interested shareholder(s) shall not have the right to vote at such shareholders' class meetings.

Resolutions of a shareholders' class meeting may be passed only by two-thirds or more of the voting rights of that class represented at the meeting.

The special voting procedures for shareholders of different classes shall not apply to the following circumstances:

1. where the Company issues, upon approval of a special resolution by a shareholders' general meeting, either separately or concurrently once every twelve (12) months, not more than 20%, of the issued shares of the respective categories;
2. where the plan for issuance of domestic shares and overseas-listed shares upon the establishment of the Company is completed within fifteen (15) months from the date when such plan is approved by the securities regulatory authorities of the State Council;
3. Where unlisted shares held by the Company's shareholders are listed and traded overseas upon approval of the securities regulatory authorities of the State Council.

Directors and Board of Directors

Directors

The directors shall be elected or replaced by the shareholders' general meeting; the term of office of each director is three (3) years. The director may, after the expiration of the term of office, serve consecutive terms if re-elected.

Where a new election is not held in a timely manner upon expiry of the term of office of a director, or where the total number of members of the board of directors is lower than the minimum quorum due to the resignation of any director, the former director(s) shall continue to perform the director's duties in accordance with the relevant laws and regulations, and the Articles of Association until the newly-elected director(s) take(s) office.

Directors of the Company are natural persons. It is not necessary for directors to hold shares of the Company.

The directors shall abide by laws, regulations, Listing Rules and the Articles of Association; they shall be faithful to the Company. The directors are prohibited from any of the following acts:

1. abusing their powers, taking any bribe or other illegal gains, or encroaching on the properties of the Company;
2. misappropriating the Company's funds;
3. opening an account in their own name or in the name of any other individual to deposit the Company's assets or funds;
4. without the consent of the shareholder's general meeting or the board of directors, loaning the funds of the Company to others or using the Company's properties to provide guarantee for others in violation of the Articles of Association;

5. concluding contracts or dealing with the Company in violation of the Articles of Association or without the consent of the shareholders' general meeting;
6. without the consent of the shareholders' general meeting, seeking, for the benefit of their own or others, any business opportunity of the Company by taking advantage of their powers, and operating for their own or for others any business that is of the same type as the Company;
7. accepting, and keeping in their possession, commissions for the transactions between others and the Company;
8. disclosing the Company's secrets without authorization;
9. by making use of their affiliation, prejudicing the interests of the Company;
10. committing other acts in violation of their obligation of loyalty to the Company.

The Company shall be entitled to the income gained by the director from any of the acts listed above; the director shall be liable for compensation if any loss is caused to the Company.

The directors shall abide by laws, administrative regulations, Listing Rules and the Articles of Association, and bear the following obligations to the Company:

1. exercise prudently, gravely and diligently the rights authorized by the Company in order to ensure the commercial operation of the Company is in compliance with national laws, regulations as well as the various requirements of the national economic policies;
2. treat all the shareholders equally;
3. timely investigate the operation and management of the Company;
4. provide true and accurate information and material to the supervisory committee, and not impede the supervisory committee or supervisors from exercising its/their functions and powers; and
5. other obligations prescribed in relevant laws, regulations and the Articles of Association.

The directors may, before the expiration of the term of office, tender their resignations; unless otherwise prescribed by this Articles of Association, they shall submit their resignation report in writing to the board of directors. Where the employment relationship is terminated between the executive directors and the Company, the executive directors shall resign from their positions as directors of the Company and submit a written resignation report to the board of directors as of the date of such termination. The resignation of each director shall, unless otherwise prescribed in the Articles of Association and except when a later resignation effective date is specified in the resignation report, come into effect when it is submitted to the board of directors.

The fiduciary duties of the Company's directors do not cease upon the termination of their term of office. The directors' obligations to keep the Company's trade secrets confidential shall remain effective within five (5) years after the expiration of their terms of office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

Independent Directors

The Company's board of directors shall have independent non-executive directors. There shall be no less than three (3) independent non-executive directors and they shall constitute no less than one-third of the board of directors. The term of office of the independent non-executive directors is the same as those of other directors of the Company but an independent non-executive director may not serve for more than six (6) consecutive years.

Apart from the post-holding qualifications of directors provided in the Articles of Association, an independent non-executive director shall also meet the following requirements:

1. shall have five (5) years or more of experience in the work of securities, finance, law or accounting;
2. shall have the basic knowledge of the operation of a securities company and be familiar with the relevant laws, regulations and rules, and with a good reputation;
3. shall have a university diploma at or above the undergraduate level, and a bachelor's degree or above degree;
4. shall have the time and capacity necessary for the performance of his duties as an independent non-executive director;
5. shall meet the independence requirements provided in the relevant provisions required by the securities regulatory authorities of the State Council and the securities regulatory rules of the place where the Company's shares are listed.

Independent directors shall not be related to the Company or have conflict of interests with the Company or any other circumstances which may hinder their independent and objective judgment. The following persons shall not act as the independent non-executive directors of the Company:

1. the person who works in the Company or its related party and his close relatives, and persons who have important social relationship with him;
2. the person who works in the following institutions and his close relatives and persons that have important social relationship with him: an entity that holds or controls 5% or more of the shares of the Company, the top five corporate shareholders of the Company, and an institution that has business relationship with or is an interested party of the Company;

3. a natural person holding or controlling 1% or more of the Company's shares, the Company's top 10 shareholders in the capacity of natural persons, natural persons controlling 5% or more of the Company's shares, and the close relatives of the aforementioned persons;
4. the person providing services such as financial, legal or consulting services to the Company and its related parties and the close relatives of such persons;
5. the person who falls within items 1 to 4 during the past year;
6. the person who takes up a position (excluding independent non-executive director) in another securities company;
7. other persons prescribed by the relevant laws and regulations, the Articles of Association, the securities regulatory rules of the place where the Company's shares are listed and the securities regulatory authorities of the State Council.

Board of Directors

The Company shall have a board of directors; the board of directors shall be accountable to the shareholders' general meeting. The board of directors shall comprise seven (7) to fifteen (15) directors, including non-executive directors (independent non-executive directors included) and executive directors. Internal directors (means those directors who are concurrently holding other positions in the Company), in total, shall not be more than half of all the Company's directors.

The board of directors shall exercise the following functions and powers:

1. convening the shareholders' general meeting and reporting its work thereto;
2. implementing resolutions adopted at the shareholders' general meeting;
3. deciding the business plans and investment programs of the Company;
4. formulating the annual financial budget plan and final accounting plan of the Company;
5. formulating profit distribution plans and loss recovery plans of the Company;
6. formulating plans for increasing or reducing the registered capital of the Company, for bond issuance or other securities, and for public offering;
7. formulating plans for the Company's buy-back of its shares;
8. formulating plans for merger, division, dissolution or change of company form;

9. making decisions on the establishment of the Company's internal management bodies;
10. appointing or dismissing the Company's CEO, secretary of the board of directors, CCO and other senior management members; and deciding on matters concerning the remuneration of the above persons;
11. formulating the basic management system of the Company;
12. formulating the plan for amendment to the Articles of Association;
13. considering and approving the Company's material external guarantees, investments, acquisitions and disposals of assets, related-party transactions, etc. under the authorization of the shareholders' general meeting;
14. proposing at the shareholders' general meetings for appointment or replacement of an accountancy firm to conduct an audit for the Company;
15. other material matters excluding matters required to be adopted at the Company's shareholders' general meeting as prescribed by the relevant laws and regulations or the Articles of Association;
16. other functions and powers prescribed by the relevant laws, regulations, securities regulatory rules in the place where the Company's shares are listed or the Articles of Association, and authorized by the shareholders' general meeting.

Other than matters specified in items 6, 7, 8 and 12 above which shall be passed by two-thirds or more of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of all the directors.

The board of directors shall formulate the rules of procedures of the board of directors, so as to ensure the board of directors implements the resolutions adopted at the shareholders' general meeting, improves work efficiency and ensures logical decision-making. The rules of procedures of the board of directors formulated by the board of directors shall be approved at the shareholders' general meeting.

The director affiliated with companies involved in matters discussed by the board of directors shall not exercise his own, or represent other directors in exercising voting rights in respect of such matters. A meeting of the board of directors may be held with the presence of over half of all the non-related directors. A resolution adopted at such a meeting shall be passed by over half of all the non-related directors. If the number of non-related directors present is less than three (3), the matter shall be submitted to the shareholders' general meeting for deliberation.

The Company shall have one (1) chairman of the board of directors, who shall be elected, replaced and removed by over half of all the directors. The chairman of the board of directors shall exercise the following functions and powers:

1. presiding over the shareholders' general meetings, and convening and presiding over the meetings of the board of directors;
2. examining the implementation of resolutions of the board of directors;
3. signing the Company's shares certificates, corporate bonds and other securities;
4. exercising the functions and powers as the legal representative of the Company;
5. other functions and powers as authorized by the board of directors.

The meetings of the board of directors shall be held at least four (4) times each year, which shall be convened by the chairman of the board of directors, by serving a notice in writing to all directors and supervisors at least fourteen (14) days before the meeting is convened. The required period of notice of regular meetings of the board of directors may be waived upon unanimous consent of directors in writing. Notice of an extraordinary meeting of the board of directors shall be given to all directors and supervisors five (5) days before the meeting. In urgent cases where there is a need to convene an extraordinary meeting of the board of directors as promptly as possible, the notice convening the meeting may be given at any time, and the convener shall make an explanatory statement at the meeting.

No board of directors meeting may be held unless over half of the directors are present. Each of the directors has one vote. Unless otherwise provided in the Articles of Association, a resolution of the board of directors shall be passed by over half of all the directors. Where there is equality of votes cast for and against a resolution, the chairman of the board of directors shall have right to cast one more vote.

Directors shall attend the board of directors meetings in person. Where a director is unable to attend for certain reasons, the director is entitled to appoint another director, by a notice in writing (proxy notice) to attend the meeting on his behalf.

The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting and the recorder. Minutes of the meetings of board of directors shall be kept by the secretary of the board of directors and filed with the Company for at least twenty (20) years from the date of the meeting.

The directors shall be responsible for resolutions adopted by the board of directors. The directors adopting a resolution that contravenes laws, regulations or Articles of Association and results in severe losses to the Company, shall be liable to the Company for compensation. However, a director may be exempt from such liability with the proof that he has expressed a disagreement and such disagreement has been recorded in the minutes of meeting.

Board Committees of the Board of Directors

The board of directors shall establish the Strategy Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, the Audit Committee and the Risk Management Committee (the “Board Committees”), and the members of the Board Committees shall be directors. Over half of members of each of the Remuneration Committee, the Nomination and Corporate Governance Committee and the Audit Committee shall be independent non-executive director. The Audit Committee shall comprise three (3) or more non-executive directors, and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The chairman of each of the Remuneration Committee and the Audit Committee shall be an independent non-executive director and the chairman of the Nomination and Corporate Governance Committee shall be the chairman of the board of directors or an independent non-executive director.

Secretary of the Board of Directors

The Company shall appoint a secretary of the board of directors. The secretary of the board of directors shall be nominated by the chairman of the board of directors and shall be appointed or removed by the board of directors.

The secretary of the board of directors shall perform the following duties:

1. to prepare for shareholders’ general meetings, meetings of the board of directors and meetings of the Board Committees, safekeeping of minutes and documents of the meetings, manage shareholders’ information and other ordinary matters;
2. to ensure that the Company prepare and submit reports and documents required by competent authorities in accordance with the law, provide relevant materials in accordance with laws and handle information submission or information disclosure;
3. to ensure proper establishment of the register of shareholders of the Company, and persons entitled to obtain relevant records and documents of the Company timely obtain such records and documents;
4. to perform other duties stipulated in laws, regulations, Listing Rules and authorized by the board of directors.

Business Management Organization

The Company shall appoint a CEO, COO and CFO, who shall be appointed or dismissed by the board of directors.

Members of senior management of the Company may at most hold the office of director or supervisor concurrently in two companies where the Company is holding any interests, but shall not hold any office other than director or supervisor. They shall not engage concurrently in any other profit-making organizations or other business activities. Members of senior management shall not be subject to the above restrictions if they concurrently hold other offices in the Company's wholly-owned or controlled subsidiaries, provided that they shall comply with the relevant requirements of the securities regulatory authorities of the State Council.

The CEO shall be accountable to the board of directors and shall perform the following functions and powers:

1. to take charge of the operation and management of the Company and organize the implementation of resolutions of the board of directors;
2. to implement business policy as approved by the board of directors and determine important issues relating to the operation and management of the Company;
3. to organize the implementation of the annual business plan and investment scheme of the Company;
4. to draft the financial budget of the Company;
5. to draft final accounting plan, profit distribution plan and loss recovery plan of the Company;
6. to draft plans for change of registered capital and issuance of corporate bonds;
7. to draft plans for merger, division, change in company form or dissolution;
8. to draft business plans, investment, financing and assets disposal plans, which shall be submitted for approval by the board of directors in accordance with corresponding scope of authority;
9. to draft the plan for establishment of the internal management departments of the Company;
10. to draft the basic management system of the Company;
11. to formulate specific rules and regulations of the Company;
12. to nominate candidates of senior management other than CEO, CCO and secretary of the board of directors that are to be appointed or dismissed by the board of directors;
13. to appoint or dismiss managerial staff other than those who shall be appointed or dismissed by the board of directors;

14. to appoint and dismiss the staff of the Company, formulate and approve the plans for wages, awards and penalties of the staff of the Company;
15. to propose to convene extraordinary meetings of the board of directors;
16. to perform other powers and duties authorized by the Articles of Association or the board of directors.

The COO and the CFO are accountable to the CEO, and shall assist the CEO in performing any duties relating to the day-to-day operation and finances of the Company that are conferred to them under the Articles of Association or by the board of directors.

Compliance Management

The Company shall formulate the basic system of compliance management, which shall be implemented upon the consideration and approval of the board of directors.

The Company shall appoint a CCO. The CCO shall be nominated by the chairman of the board of directors and appointed or dismissed by the board of directors. The CCO shall be in charge of examination, supervision and inspection of the Company and its staff in terms of the compliance of their operation, management and practice thereof.

The CCO shall perform the following duties:

1. to conduct compliance examinations on the Company in respect of its internal management system, major decisions, new products and new business schemes, and issue written compliance examination opinions; and conduct compliance examinations and sign his express opinions on application materials or reports submitted by the Company in accordance with the requirements of the relevant regulatory authorities;
2. to supervise the Company and its staff in respect of the compliance of their operation, management and practice, and make regular or occasional examinations;
3. to arrange the implementation of the anti-money laundering system and information firewall system, provide compliance advice and organize compliance training, and deal with the reports and complaints regarding the Company and its staff in respect of their behaviors in violation of laws and regulations;
4. in the event that the CCO discovers that the Company is in violation of certain laws and regulations or there is a potential risk of noncompliance, he shall promptly report to the CEO, the branch office of the regulatory authorities of the State Council as well as the competent self-regulatory organization of the place of domicile of the Company in accordance with relevant regulatory requirements and urge prompt rectification;

5. making recommendations to the board of directors or senior management and monitor the relevant departments to evaluate the impact on compliance management as well as make corresponding amendments or adjustments to management system and workflow where any law, regulation, Listing Rules and guidelines changes;
6. to perform other duties stipulated by the Relevant Laws and Regulations.

Operational Risk Management

The Company shall formulate and persistently improve its risk management system in accordance with the relevant rules.

The Company shall appoint a CRO in charge of comprehensive risk management. The CRO may neither concurrently assume any other positions nor take charge of any other departments that are in conflict with his duties.

Supervisory Committee Supervisors

Directors and senior management of the Company shall not act concurrently as supervisors.

Shareholders' representative sitting on the supervisory committee shall be appointed and removed by the shareholders' general meetings. Employees' representatives sitting on the supervisory committee shall be appointed and removed by employees of the Company via an employees' representative meeting or employees' meeting or other forms of democratic election.

The term of office of a supervisor shall be three (3) years and he may serve consecutive terms if re-elected. Where no new appointment is made upon expiration of the term of office of a supervisor or a supervisor tenders his resignation during his term of office resulting in the number of members of the supervisory committee being less than a quorum, the original supervisor shall continue to perform his duties as a supervisor in accordance with laws, regulations and the Articles of Association.

Supervisors may attend meetings of the board of directors and query resolutions of the board of directors or give suggestions.

A supervisor who fails three (3) consecutive times to attend meetings of the supervisory committee in person or to appoint a proxy to attend on his behalf shall be deemed unable to perform his duties and shall be removed and replaced at the shareholders' general meeting or employees' representatives meeting.

Supervisory Committee

The Company shall establish the supervisory committee which shall be accountable to the shareholders' general meeting. The supervisory committee shall comprise three (3) to seven (7) supervisors, and the ratio of employee's representative therein shall not be less than one-third. The supervisory committee shall appoint a chairman of the supervisory committee. The appointment or removal of the chairman of the supervisory committee shall be approved by two-thirds or more of all the supervisors.

The supervisory committee shall exercise the following functions and powers in accordance with the law:

1. to examine the financial affairs of the Company;
2. to supervise the performance of directors and senior management of their duties and propose the removal of directors or senior management who violate relevant laws, regulations and the Articles of Association or the resolutions of the shareholders' general meetings;
3. where any director or senior management violates laws, regulations or the Articles of Association and jeopardizes the interests of the Company, shareholders or clients, the supervisory committee shall request the director or senior management to make rectifications within a prescribed time limit; if the damages are serious or the director or senior management fails to make rectifications within the prescribed time limit, the supervisory committee shall propose the holding of a shareholders' general meeting, and put forward a specific proposal to the shareholders' general meeting;
4. to propose to convene an extraordinary shareholders' general meeting, convene and preside over shareholders' general meeting when the board of directors fails to convene and preside over such a meeting;
5. to submit proposals to the shareholders' general meetings;
6. to initiate legal proceedings against any director or Senior Management in accordance with the Company Law;
7. to review the financial reports, profits distribution plan and other financial materials to be submitted by the board of directors at the shareholders' general meeting, to conduct investigation if any problems or irregularities are identified in the business operations are discovered, and may engage an accountancy firm, law firm and other professional institutions to assist in the investigation if necessary, the reasonable expenses incurred shall be borne by the Company;
8. to perform other powers and duties as required by Relevant Laws and Regulations, the Articles of Association or authorized by the shareholders' general meeting.

Meetings of the supervisory committee shall be held at least once every six (6) months. Notice of such meetings shall be given in writing to each supervisor ten (10) days before the meeting is convened. The required period of notice may be waived upon unanimous consent of all the supervisors in writing. Supervisors may propose to hold an extraordinary meeting of the supervisory committee. Notice of such meetings shall be given to each supervisor five (5) days before the meeting is convened. In urgent cases where there is a need to convene an extraordinary meeting of the board of supervisors as soon as possible, the notice convening the meeting may be given at any time, and the convener shall make an explanatory statement at the meeting.

Supervisors shall attend the meetings of the supervisory committee in person. Where a supervisor is unable to attend, the supervisor may authorize another supervisor to attend the meeting on his behalf. Such proxy notice shall state the scope of authorization.

No meeting of the supervisory committee may be held unless over half of the supervisors are present. Each supervisor shall have one vote. A resolution of the supervisory committee shall be passed by two-thirds or more of all the supervisors.

The supervisory committee shall formulate the rules of procedures of the supervisory committee to specify the rules of procedures and voting procedures, so as to ensure the working efficiency and ensure logical decision-making of the supervisory committee. The rules of procedures of the supervisory committee formulated by the supervisory committee shall be approved by the shareholders' general meeting.

The supervisory committee shall prepare minutes of the meetings of the supervisory committee and such minutes shall be signed by the supervisors and the recorder present at the meeting. Supervisors are entitled to require explanatory records of their comments made at that meeting in the minutes. Minutes of the meetings of the supervisory committee shall be kept in accordance with the file management system of the Company and filed with the Company for at least twenty (20) years from the date of the meeting.

Qualifications and Duties of the Directors, Supervisors and Senior Management

Other than the conditions of directorship for directors (including independent non-executive directors), supervisors, senior management as required under the Articles of Association, none of the following persons may serve as directors, supervisors or senior management of the Company:

1. persons without capacity or with limited capacity for civil acts;
2. persons who were sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of the social or economic order, or persons who were deprived of their political rights for committing a crime, and in each case, where five (5) years have not lapsed following the serving of the sentence;

3. directors, or factory heads or managers who bear individual responsibility for the bankruptcy or liquidation of their companies or enterprises due to mismanagement where three (3) years have not lapsed following the date of completion of such bankruptcy or liquidation;
4. the legal representatives of companies or enterprises that had their business licenses revoked and order to be closed for violation of the law, where such representatives bear individual responsibility and three (3) years have not lapsed following the date of revocation of such business licenses;
5. persons with relatively significant individual debts that have not been settled upon maturity;
6. persons currently subject to restriction from entering into the securities market by securities regulatory authorities of the State Council;
7. a person-in-charge of a stock exchange or securities registration and clearing institution or a director, supervisor or senior management of a securities company who has been removed from his position due to his irregularity or disciplinary breach, and it has been within five(5) years of the date of removal;
8. persons adjudged by the relevant competent authorities of violations of securities-related regulations, where such violation involves fraudulent or dishonest acts and five (5) years have not lapsed following the date of the ruling;
9. persons who are lawyers, certified public accountants or professionals of an investment advisory institution, financial consultancy institution, credit rating institution, assets appraisal institution or asset verification institution, have been disqualified for irregularity or disciplinary breach and five (5) years have not lapsed following the date of revocation;
10. government personnel and other personnel prohibited by laws and regulations to take up concurrent posts at companies;
11. persons subject to administrative penalties imposed by the financial regulatory authorities for material violation of law or disciplinary breach and three (3) years have not lapsed following the date of completion of the penalties;
12. persons whose post-holding qualification is revoked by the securities regulatory authorities of the State Council and three (3) years have not lapsed following the date when the post-holding qualification is revoked;
13. persons who are declared unfit by the securities regulatory authorities of the State Council and two (2) years have not lapsed following the date of the declaration;
14. persons who may not serve as management of enterprises by virtue of laws or regulations;

15. non-natural person;
16. persons who are under investigation for alleged disciplinary breach, or whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and such cases have not been closed;
17. other circumstances required by laws, regulations or listing rules of the place where the Company's shares are listed.

If an election or appointment of a director, supervisor or senior management takes place in contravention of the aforesaid provisions, such election, appointment or engagement shall be invalid. If a director, supervisor or senior management falls into any of the circumstances provided in this Article during his term of office, the Company shall terminate his office.

The validity of an act of a director or Senior Management of the Company on its behalf, towards a bona fide third party, shall not be affected by any irregularity in his office, election or qualification.

Each of the Company's directors, supervisors and senior management shall exercise his power or perform his duties in accordance with fiduciary principles and shall not place himself in a position where his duties and personal interests may conflict. These principles include but not limited to:

1. to act honestly in the best interests of the Company;
2. to act within the scope of its powers and not to act beyond such scope;
3. to personally exercise his discretion granted to him, not to allow himself to be manipulated by another person, not to delegate the exercise of his discretion to another person unless permitted by laws or administrative regulations or with the approval of an informed shareholders' general meeting;
4. to be impartial to shareholders of the same category and of different categories;
5. not to enter into contracts or transactions or make arrangements with the Company unless otherwise provided in the Articles of Association or with the approval of an informed shareholders' general meeting;
6. not to use the Company's assets in any way for his own benefit without the approval of an informed shareholders' general meeting;
7. not to accept any bribery or other illegal income by abusing his powers and positions, and appropriate the assets of the Company in any manner, including but not limited to any opportunities that are favorable to the Company;
8. not to accept commissions in connection with the transactions of the Company without the approval of an informed shareholders' general meeting;

9. to abide by the Articles of Association, perform his duties faithfully, protect the interests of the Company, and not to pursue his personal gain by abusing his powers and positions at the Company;
10. not to compete with the Company in any way without the approval of an informed shareholders' general meeting;
11. not to embezzle the funds of the Company or lend them to others, not to deposit Company's assets in accounts opened in his own name or in another's name, not to use Company's assets as security for the debts of the Company's shareholders or other individuals;
12. not to divulge confidential information relating to the Company that was acquired by him during his office without the approval of an informed shareholders' general meeting, and not to use such information unless for the purpose of the Company's interests; however, such information may be disclosed to the court or other government authorities under the following circumstances:
 - (1) provided by law;
 - (2) required for the purpose of public interest;
 - (3) required for the purpose of the own interests of such director, supervisor or other Senior Management.

Unless otherwise provided in the Articles of Association, the fiduciary duty of a director, supervisor and Senior Management of the Company does not necessarily cease upon the termination of his term of office and his obligations to keep the trade secrets of the Company confidential shall survive after the termination of his term of office. The duration of the other obligations shall be determined in accordance with the principle of fairness, taking into account the lapse of the time between termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

If a director, supervisor or Senior Management of the Company has direct or indirect material interest in a contract, transaction or arrangement concluded or proposed by the Company (except for his employment contract with the Company), he shall disclose to the board of directors the nature and extent of his interests at the earliest opportunity, whether or not the matter ordinarily requires the approval of the board of directors.

The Company shall not in any manner pay taxes on behalf of its directors, supervisors and Senior Management. The Company shall not pay fines or indemnity that are payable by directors, supervisors or Senior Management.

The Company shall not directly or indirectly provide a loan to or provide a guarantee in connection with the advance of a loan to a director, supervisor and Senior Management of the Company or of the Company's holding company or any of their respective Connected Persons. The foregoing shall not apply in the following circumstances:

1. the provision by the Company of a loan or loan guarantee to its subsidiaries;
2. the provision by the Company of a loan or loan guarantee or any other funds available to any of its director, supervisor and Senior Management to meet expenditures incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties properly in accordance with an employment contract approved by the shareholders in a general meeting.

A loan provided by the Company in violation of the above-mentioned provisions shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

If a director, a supervisor or Senior Management of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and regulations, have a right to:

1. require the relevant director, supervisor or Senior Management to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
2. rescind any contract or transaction concluded by the Company with the relevant director, supervisor, Senior Management and contracts or transactions with a third party (where such third party is aware or ought to be aware that the director, supervisor or Senior Management representing the Company was in breach of his obligations to the Company);
3. require the relevant director, supervisor or Senior Management to surrender the gains derived from the breach of his obligations;
4. recover any funds received by the relevant director, supervisor, Senior Management that should have been received by the Company, including but not limited to commissions; and
5. require the relevant director, supervisor, Senior Management to surrender the interest earned or possibly earned on the funds that should have been given to the Company.

The Company shall include a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholder' general meeting before it is entered into.

The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the case of acquisition of the Company, a director or supervisor of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other payments for loss of office or retirement.

Financial and Accounting Systems and Profit Distribution**Financial and Accounting Systems**

The Company shall formulate its own financial and accounting systems in accordance with laws, regulations and the PRC accounting standards formulated by the financial authorities under the State Council.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and laws and regulations, be prepared in accordance with either international accounting standards, or the accounting standards of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with these two sets of accounting standards, such difference shall be stated in the notes appended to the financial statements. For purposes of the Company's distribution of after-tax profits in a given financial year, the lower of the two amounts shown in the aforementioned two sets of financial statements shall be adopted.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC's accounting standards and laws and regulations as well as international accounting standards or the accounting standards of the place outside the PRC where the Company's shares are listed.

The Company shall publish its financial report twice in each financial year, i.e. to publish its interim financial report within sixty (60) days after the end of the first six (6) months of each financial year, and publish the annual financial report within one hundred and twenty (120) days after the end of each financial year. Where the securities regulatory authorities of the places where the Company's shares are listed stipulates otherwise, such stipulations shall prevail.

Profit Distribution

The after-tax profit of the Company for the year shall be distributed in the following order:

1. to make up for the losses;
2. to allocate 10% as statutory reserve fund;
3. to allocate as risk reserves in accordance with the PRC's relevant stipulations;
4. to allocate as discretionary reserve fund according to resolutions of the shareholders' general meeting;
5. to distribute dividends to shareholders.

No further allocation is required when the accumulated amount of the statutory reserve funds of the Company reaches 50% or more of its registered capital. The shareholders' general meeting shall determine whether to allocate the discretionary reserve after allocating the statutory reserve and the risk reserve.

After losses have been covered and the statutory reserve and risk reserve have been allocated in accordance with the Articles of Association, any remaining after-tax profits shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association. Where the shareholders' general meeting distributes profits to shareholders in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

Shares held by the Company itself shall not be entitled to the distribution of profits.

The reserve funds of the Company shall be used to cover losses of the Company, expand its production and business, or increase its registered capital. However, capital reserves shall not be used to cover losses of the Company. When the statutory common reserve fund is converted into capital, the remaining reserve shall be no less than 25% of the Company's registered capital prior to the conversion.

The capital common reserve fund includes the following funds:

1. the premiums obtained from the issue of shares in excess of the par value; and
2. other revenue required to be included in the capital common reserve fund by the finance authorities of the State Council.

The Company may distribute dividend by way of:

1. cash;
2. shares.

Any amount paid in on any share prior to the date of the payment of shares specified by the Company (the "Payment Date") may carry interest but shall not entitle the holder of the share to participate in respect of the pre-paid shares in a dividend subsequently declared on the Payment Date.

The Company is entitled to forfeit unclaimed dividends, but such right to forfeit shall only be exercised after the expiration of the limitation period applicable to the declaration of dividends, provided that the Company is in compliance with the relevant laws and regulations.

The Company shall have the right to cease sending dividend warrants to holders of the overseas-listed shares by post, but it may exercise this right only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise this right after the first occasion on which such a warrant is returned undelivered.

The Company shall have the right to issue share warrants to bearers. No new share warrant shall be issued to replace one that has been lost, unless the Company is reasonably satisfied that the original has been destroyed.

The Company shall have the right to sell shares of the holder of the overseas-listed shares that is untraceable in the manner deemed to be appropriate by the board of directors but the following conditions must be observed:

1. during a period of twelve (12) years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed;
2. on expiry of the twelve (12) years, the Company gives notice of its intention to sell the shares by way of making an announcement on one or more newspapers of the place where the Company's shares are listed, and gives notice to the securities regulatory authorities of the place where the Company's shares are listed.

The Company shall appoint receiving agents for the holders of the overseas-listed shares to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of the overseas-listed shares.

The receiving agents appointed for holders of overseas-listed shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Engagement of an Accountancy Firm

The Company shall engage an independent and internationally recognized accountancy firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial report and other financial reports.

The term of engagement of the accountancy firm shall commence from the conclusion of the annual shareholders' general meeting until the conclusion of the next annual shareholders' general meeting.

The accountancy firm engaged by the Company shall be entitled to the following rights:

1. to inspect the account books, records and vouchers of the Company, and to require the directors or Senior Management of the Company to provide relevant information and explanations;
2. to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the accountancy firm to discharge its duties;

3. to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any such meeting, which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the Company's accountancy firm.

The shareholders' general meeting may by ordinary resolution remove the Company's accountancy firm prior to the expiration of its term of engagement, notwithstanding the provisions of the contract entered into between the Company and the accountancy firm, but without prejudice to the rights of an accountancy firm to claim damages in respect of such dismissal.

The remuneration of an accountancy firm or the method in determining the remuneration shall be determined by the shareholders' general meeting. The remuneration of an accountancy firm engaged by the board of directors shall be determined by the board of directors.

The Company's engagement, removal or discontinuance of engagement of an accountancy firm shall be determined at the shareholders' general meeting. Such resolution shall be submitted to the securities regulatory authorities of the State Council for filing. If the Company intends to remove or discontinue to engage an accountancy firm, the Company shall give notice to such accountancy firm in advance, and such accountancy firm shall have the right to make representations at the shareholders' general meeting.

Where the accountancy firm proposes to quit, it shall state to the shareholders' general meeting whether or not there is anything improper in the Company.

The accountancy firm may resign by depositing its written notice of resignation to the legal address of the Company. Any such notice shall terminate its office on the date on which it is deposited or on such later date as may be specified therein (whichever is later). Such notice shall include the following representations:

1. a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; and
2. a statement of any such circumstances.

The accountancy firm may require the board of directors to convene an extraordinary shareholders' general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

Notices and Announcements

Notices of the Company shall be sent by the following means:

1. by hand;
2. by mail;
3. by fax or email;
4. by making an announcement on the Company's website or websites designated by stock exchanges in compliance with laws, regulations and listing rules of the place where the Company's shares are listed;
5. by other means recognized by the Company, or agreed upon by the recipient in advance or recognized by the recipient after receiving such notice;
6. by other means permitted by laws and regulations, recognized by regulatory authorities of the place where the Company's shares are listed and other means stated in the Articles of Association.

Shareholders of the Company's overseas-listed shares may choose in writing to receive the corporate communication that the Company is required to send to shareholders either by post or through electronic means, and also choose to receive either an English version or Chinese version or both. They shall have the right to modify the means of receiving the same as well as the language of such corporate communications in accordance with the applicable procedures provided that a written notice is given to the Company in advance and at a reasonable time.

If the Company has obtained the shareholders' prior written consent or deemed consent in accordance with the relevant laws and regulations and the Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication (including but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules) to its shareholders by electronic means. Notwithstanding any contrary provisions in the Articles of Association, the Company may dispatch corporate communication to holders of overseas-listed shares by electronic means only.

If any notice of meeting is not given to any person entitled to receive such notice inadvertently or such person does not receive a notice of meeting, the meeting and the resolution adopted therein shall not become invalid.

Merger, Division, Capital Increase and Decrease, Dissolution and Liquidation**Merger, Division, Capital Increase and Decrease**

In the event of a merger or division of the Company, a plan shall be presented by the Company's Board of Directors. Upon approval by the shareholders' general meeting in accordance with the procedures stipulated in the Articles of Association, the Company shall arrange to obtain the relevant approval. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consented to the plan of merger or division to acquire his shares at a fair price.

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and a list of properties. The Company shall give notice to its creditors within ten (10) days of the date of the resolution for merger and shall make an announcement in the newspaper or through other means within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of notice or within forty-five (45) days of the date of announcement if notice is not received, to require the Company to settle its debts or to provide a corresponding guarantee for such debt. Upon completion of the merger of the Company, the entity merged or the new entity established after the merger shall succeed the claims and liabilities of the parties to the merger.

In the event of a division of the Company, its assets shall be divided accordingly. In the event of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and a list of properties. The Company shall give notice to its creditors within ten (10) days of the date of the resolution for division and shall make an announcement in the newspaper or through other means within thirty (30) days of the date of such resolution. The entity established after division shall assume joint and several liability for the debts incurred by the Company before division, unless otherwise stipulated in any agreement on settlement of debts which may be reached between the Company and its creditors prior to the division.

Where a merger or division of the Company involves any changes to any registration, an application for modification of registration shall be made to the registration authority pursuant to the law; if the Company is dissolved, cancellation of registration of the Company shall be carried out pursuant to the law; where a new company is established, the registration of the establishment of the company shall be carried out in accordance with the law.

Where the Company increases or reduces its registered capital, it shall apply to the company registration authorities to modify its registration in accordance with the law.

Dissolution and Liquidation

In any of the following circumstances, the Company may be dissolved:

1. dissolution as resolved by the shareholders' general meeting;

2. dissolution as a result of merger or division of the Company;
3. the business license of the Company is revoked or it is ordered to close down its business or its business license is cancelled in accordance with the law;
4. where the operation and management of the Company falls into serious difficulties and its continued existence would cause significant losses to shareholders, the shareholders holding 10% or more of the total voting rights of the Company may apply to the People's Court to dissolve the Company if there are no other solutions;
5. where the Company is declared bankrupt in accordance with the law due to its inability to settle debts that are due.

Where the Company is dissolved in accordance with items 1, 3 and 4 above, a liquidation team shall be established to commence liquidation within fifteen (15) days from date of occurrence of events giving rise to dissolution. The members of the liquidation team shall be determined by the directors or the shareholders' general meeting. In case no liquidation team is established within the specified period to commence liquidation, the creditor(s) may apply to the People's Court to designate relevant persons to form a liquidation team and commence liquidation.

Upon the adoption of the resolution to liquidate the Company at the shareholders' general meeting, the functions and powers of the board of directors shall cease immediately.

During the liquidation period, the liquidation team shall exercise the following powers:

1. thoroughly examine the properties of the Company and prepare a balance sheet and a list of properties respectively;
2. to give notice to the creditor(s) or to publish announcements;
3. to dispose of and liquidate relevant ongoing businesses of the Company;
4. to settle outstanding taxes;
5. to settle claims and debts;
6. to deal with the surplus assets remaining after the Company's debts are settled;
7. to represent the Company in any civil proceedings.

The liquidation team shall, within ten (10) days of its establishment, give notice to creditors and shall, within sixty (60) days of its establishment, make an announcement in the newspaper or through other means. A creditor shall, within thirty (30) days of receipt of notice, or within forty-five (45) days of the date of the announcement if notice is not received, claim his rights to the debt to the liquidation committee.

In claiming his rights, the creditor shall provide proof of his rights to the debt and matters relating to the debt. The liquidation committee shall register the creditor's rights.

In the course of claiming of creditors' rights, the liquidation team shall not settle its debts with creditors.

After the liquidation team has thoroughly examined the Company's properties and prepared a balance sheet and a list of properties, it shall formulate a plan of liquidation for submission to the shareholders' general meeting or to the People's Court for confirmation.

Any surplus assets remaining after payment of liquidation costs, employees' wages, social insurance, statutory compensation, taxes payable, and debts of the Company shall be distributed to shareholders on a pro rata basis.

During the liquidation period, the Company remains in existence; however, it shall not commence any business activity that is unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to settling debts pursuant to the foregoing provision.

After liquidating the properties of the Company and preparation of a balance sheet and a list of properties, if the liquidation team finds the assets of the Company to be insufficient for the settlement of its debts, the liquidation team shall apply to the People's Court for a declaration of bankruptcy in accordance with the law.

After the declaration of bankruptcy of the Company by the People's Court, the liquidation team shall hand over matters in relation to liquidation of the Company to the People's Court.

Following the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation. Within thirty (30) days from the date of confirmation of the aforementioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation team shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

Amendment of the Articles of Association

Under any of the following circumstances, the Company shall amend the Articles of Association:

1. the Articles of Association is contradictory to any provision of the amended Company Law or other relevant laws and regulations;
2. changes to the Company's situation which leads to inconsistency with matters recorded in the Articles of Association;
3. a shareholders' general meeting adopts a resolution to amend the Articles of Association.

The Articles of Association and its amendments shall be approved by the shareholders' general meeting. Where the amendments approved by the shareholders' general meeting shall be subject to the approval of the relevant regulatory authorities, such amendments shall be submitted to the relevant regulatory authorities for approval; if any registration is concerned, the Company shall apply for registration of the changes in accordance with the law.

Dispute Resolution

The Company shall abide by the following principles of dispute resolution:

1. whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between a holder of overseas listed foreign shares and the Company; a holder of overseas listed foreign shares and directors, supervisors and Senior Management of the Company; a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, Senior Management of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

2. the party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

3. the laws of the PRC shall govern the arbitration of disputes or claims described in item 1 above, unless otherwise provided by law or administrative regulations.
4. the award of the arbitral body is final and shall be binding on all parties.

FURTHER INFORMATION ABOUT OUR COMPANY**Incorporation**

Our Company was established in the PRC on July 31, 1995 as a Chinese-foreign equity joint venture under the laws of the PRC with a registered capital of US\$100 million.

Our Company has established a place of business in Hong Kong at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on July 9, 2015. Mr. Zhou Jiaying, the joint company secretary of our Company, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as the principal place of business of our Company in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix V. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV.

Changes in Share Capital

At our establishment, our initial registered capital was US\$100 million.

On June 1, 2015, our Company was converted into a joint stock company with limited liability. Upon the conversion, our Company had a total share capital of RMB1,667,473,000 comprising 1,667,473,000 shares with nominal value of RMB1.00 each.

For further details, see “Our History and Corporate Structure — Our History” in this prospectus.

Save as aforesaid, up to the Latest Practicable Date, there has been no alterations in our share capital within two years immediately preceding the date of this prospectus.

Resolutions of our Shareholders

Pursuant to the written resolutions passed on June 3, 2015, our Shareholders resolved that, among other things:

- (a) the issue by our Company of H Shares to be listed on the Hong Kong Stock Exchange. The number of H Shares to be issued shall not be more than 897,870,076 Shares (including the Shares that may be issued pursuant to the Over-allotment Option), representing not more than 35% of the total issued share capital of our Company following the Global Offering (assuming the Over-allotment Option is exercised in full);

- (b) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorizing the Board and its authorized persons to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations, requirement of the relevant authorities; and
- (c) authorization of the Board and its authorized persons to deal with matters in connection with the Global Offering and Listing.

Our Subsidiaries

The list of our principal subsidiaries as of June 30, 2015 is set out in “ Appendix I — Accountants’ Report — C. Notes to Consolidated Financial Information — 56. Supplementary Notes to the Statements of Financial Position of the Company — (a) Interest in subsidiaries” in the Accountants’ Report set out in Appendix I to this prospectus. The following sets out the changes in the share capital of our principal subsidiaries within the two years immediately preceding the date of this prospectus.

CICC US Securities, Inc.

The issued share capital of CICC US Securities, Inc. was increased from US\$41,000,000 to US\$49,000,000 on March 25, 2014, in which 80 shares were allotted to China International Capital Corporation (USA) Holdings Inc. for a cash consideration of US\$8,000,000; and from US\$49,000,000 to US\$53,000,000 on December 29, 2014, in which 40 shares were allotted to China International Capital Corporation (USA) Holdings Inc. for a cash consideration of US\$4,000,000.

China International Capital Corporation (Singapore) Pte. Limited

The issued share capital of China International Capital Corporation (Singapore) Pte. Limited was increased from S\$26,000,000 to S\$29,000,000 on November 5, 2013, in which 3,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of S\$3,000,000; from S\$29,000,000 to S\$32,000,000 on April 28, 2014, in which 3,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of S\$3,000,000; from S\$32,000,000 to S\$37,000,000 on August 22, 2014, in which 5,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of S\$5,000,000; from S\$37,000,000 to S\$42,000,000 on December 29, 2014, in which 5,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of S\$5,000,000; and from S\$42,000,000 to S\$47,000,000 on July 27, 2015, in which 5,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of S\$5,000,000.

CICC HK Futures

The issued share capital of CICC HK Futures was increased from HK\$18,000,000 to HK\$21,000,000 on March 26, 2013, in which 3,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of HK\$3,000,000; and from HK\$21,000,000 to HK\$26,000,000 on November 4, 2014, in which 5,000,000 ordinary shares were allotted to CICC Hong Kong for a cash consideration of HK\$5,000,000.

CICC Fund Management

The registered capital of CICC Fund Management was increased from RMB100,000,000 to RMB150,000,000 on July 1, 2015, in which it was subscribed by our Company.

Save as disclosed in this prospectus, there has been no other alteration in the share capital of any of the principal subsidiaries of our Company within the two years preceding the date of this prospectus.

Restriction on Share Repurchase

Please refer to the section headed “Appendix IV — Summary of Principal Legal and Regulatory Provisions — The PRC Company Law, Special Regulations and Mandatory Provisions — Repurchase of Shares” in this prospectus for details.

FURTHER INFORMATION ABOUT OUR BUSINESS**Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) the Hong Kong Underwriting Agreement;
- (b) a cornerstone investment agreement dated October 10, 2015 and a supplemental agreement to cornerstone investment agreement dated October 23, 2015 entered into among our Company, CIZJ Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which CIZJ Limited agreed to subscribe for our H Shares in the amount of US\$100 million;
- (c) a cornerstone investment agreement dated October 21, 2015 entered into among our Company, Baosteel Group Corporation and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Baosteel Group Corporation agreed to subscribe for our H Shares in the amount of US\$50 million;
- (d) a cornerstone investment agreement dated September 16, 2015 entered into among our Company, CGN Investment (HK) Co., Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which CGN Investment (HK) Co., Limited agreed to subscribe for our H Shares in the amount of US\$50 million;

- (e) a cornerstone investment agreement dated October 22, 2015 entered into among our Company, China Mobile (Hong Kong) Group Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which China Mobile (Hong Kong) Group Limited agreed to subscribe for our H Shares in the amount of US\$50 million;
- (f) a cornerstone investment agreement dated October 21, 2015 entered into among our Company, Commercial Aircraft Corporation of China, Ltd. and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Commercial Aircraft Corporation of China, Ltd. agreed to subscribe for our H Shares in the amount of US\$50 million;
- (g) a cornerstone investment agreement dated October 15, 2015 entered into among our Company, Value Partners Hong Kong Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Value Partners Hong Kong Limited agreed to subscribe for our H Shares in the amount of US\$50 million;
- (h) a cornerstone investment agreement dated October 19, 2015 entered into among our Company, China Chengtong Holdings Group Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which China Chengtong Holdings Group Limited agreed to subscribe for our H Shares in the amount of US\$30 million;
- (i) a cornerstone investment agreement dated September 22, 2015 entered into among our Company, CSR (Hong Kong) Co. Limited and China International Capital Corporation Hong Kong Securities Limited, pursuant to which CSR (Hong Kong) Co. Limited agreed to subscribe for our H Shares in the amount of US\$30 million;
- (j) a cornerstone investment agreement dated October 22, 2015 entered into among our Company, Xinhua News Agency Investment Holdings Co., Ltd and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Xinhua News Agency Investment Holdings Co., Ltd agreed to subscribe for our H Shares in the amount of US\$30 million; and
- (k) a cornerstone investment agreement dated October 9, 2015 and a supplemental agreement to cornerstone investment agreement dated October 16, 2015 entered into among our Company, The Prudential Insurance Company of America and China International Capital Corporation Hong Kong Securities Limited, pursuant to which The Prudential Insurance Company of America agreed to subscribe for our H Shares in the amount of US\$25 million.

Intellectual Property Rights

As at the Latest Practicable Date, we have registered or have applied for the registration of the following material intellectual property rights.

Trademarks

As at the Latest Practicable Date, we have registered the following material trademarks in certain jurisdictions:

Trademarks	Places of Registration
中国国际金融有限公司	Hong Kong, PRC, Macau, Singapore, United States, European Union
中国国际金融有限公司	PRC
 中國國際金融有限公司	Hong Kong
 中国国际金融有限公司	
中金公司	Hong Kong, PRC, Macau, Singapore, United States, United Kingdom
中金	Hong Kong, PRC, Macau, Taiwan, Singapore, United States, United Kingdom
CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED	Hong Kong, Macau, Singapore, United States, European Union
China International Capital Corporation Limited	PRC
 CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED	Hong Kong
	Hong Kong, PRC, Macau, Taiwan, Singapore, United States
	Hong Kong, PRC

Trademarks	Places of Registration
<i>CICC</i>	PRC
 中金公司	Hong Kong, PRC, Macau, Taiwan, Singapore, United States, United Kingdom
 CICC 中金公司	Hong Kong, PRC, Macau, Taiwan, Singapore, United States, United Kingdom
 CICC	PRC, Macau, Taiwan, Singapore, United States, United Kingdom
 CICC	Hong Kong
 CICC	Hong Kong
 CICC	PRC, Macau, Taiwan, Singapore, United States, United Kingdom
 CICC	Hong Kong

As at the Latest Practicable Date, we have applied for the registration of the following material trademarks in certain jurisdictions:

Trademark	Place of Registration
	Hong Kong
	Hong Kong
	Hong Kong
中国国际金融股份有限公司	Hong Kong, PRC, Macau, Taiwan, Singapore, United States, European Union
中國國際金融股份有限公司	Hong Kong
	Hong Kong, PRC, Macau, Taiwan, Singapore, United States, European Union

Domain Names

As at the Latest Practicable Date, we have registered the following material Internet domain names in the PRC:

Domain Name

cicc.com.cn
 cicconline.com.cn
 cicc.com
 Ciccpe.com
 Cicconline.com
 cicc.com.cn
 cqbfund.com

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, STAFF, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Disclosure of Interests

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), so far as our Directors are aware, the interests or short positions of our Directors, Supervisors and chief executive in our Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number and class of securities</u>	<u>Approximate percentage of shareholding in the total share capital of our Company after the Global Offering</u>	<u>Approximate percentage of shareholding in the relevant class of Shares after the Global Offering</u>
David Bonderman ⁽¹⁾	Interest of controlled corporation	171,749,719 H Shares	7.73%	12.02%
Cha Mou Daid Johnson ⁽²⁾	Beneficiary of a discretionary trust	122,559,265 H Shares	5.51%	8.58%

- (1) The interests deemed to be held by Mr. David Bonderman immediately after the Global Offering consists of 171,749,719 H Shares held by TPG. Each of TPG Asia GenPar V, L.P. (as general partner of TPG), TPG Asia GenPar V Advisors, Inc. (as general partner of TPG Asia GenPar V, L.P.), TPG Holdings I, L.P. (as general partner of TPG Asia GenPar V Advisors, Inc.), TPG Holdings I-A, LLC (as general partner of TPG Holdings I, L.P.), TPG Group Holdings (SBS), L.P. (as the sole member of TPG Holdings I-A, LLC and the sole member of TPG Holdings II-A, LLC), TPG Group Holdings (SBS) Advisors, Inc. (as general partner of TPG Group Holdings (SBS), L.P.), Mr. David Bonderman (one of our Directors) and Mr. James Coulter (each holds a 50% interest in TPG Group Holdings (SBS) Advisors, Inc.), as well as TPG Capital Management, L.P. (as the managing general partner of TPG), TPG Capital Advisors, LLC (as general partner of TPG Capital Management, L.P.), TPG Holdings II Sub, L.P. (as the sole member of TPG Capital Advisors, LLC), TPG Holdings II, L.P. (as general partner of TPG Holdings II Sub, L.P.), TPG Holdings II-A, LLC (as general partner of TPG Holdings II, L.P.), is deemed to be interested in the H Shares held by TPG under the SFO. Mr. Bonderman and Mr. Coulter disclaim beneficial ownership of the securities held by TPG except to the extent of their pecuniary interest therein.
- (2) The interests deemed to be held by Mr. Cha Mou Daid Johnson after the Global Offering consists of 122,559,265 H Shares held by Mingly. Mingly is held by certain, but not identical discretionary trusts as to 96.12%, of which CCM Trust (Cayman) Limited, LBJ Regents Limited and Dolios Limited are the corporate trustees, and Mr. Cha Mou Daid Johnson is among the members of the class of discretionary beneficiaries.

Substantial Shareholders

For the information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, please see “Substantial Shareholders” of this prospectus.

So far as our Directors are aware, assuming that the Over-allotment Option is not exercised, the following persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Member of our Company	Person with 10% or more interest (other than us)	Percentage of that persons' interest
Jiacheng Xintai (Beijing) Investment Company Limited* (佳成新泰(北京)投資有限公司)	Gansu Xinyuan Real Estate (Group) Co., Ltd.	49%
CICC Qianhai Development Fund Management Co., Ltd.	Shenzhen Qianhai Financial Holdings Co., Ltd.	45%
Ciccjiazi Investment Fund Management Company Limited* (中金甲子(北京)投資基金管理有限公司)	Jiazi Wanhui (Beijing) Consulting Company Limited* (甲子萬匯(北京)諮詢有限公司)	49%
Ningbo Meishan Free Trade Port Jiarui Investment Management Company Limited* (寧波梅山保稅港區佳瑞投資管理有限公司)	Cross-Strait Development Fund* (崑山海峽發展基金(有限合夥))	49%

Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration.

Each of the Directors entered into a contract with our Company in July or August 2015. The principal particulars of these service contracts are: (a) each of the contracts is for a term of three years following each Director's respective appointment date; and (b) each of the contracts is subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Each of the Supervisors entered into a contract with our Company in July 2015, in respect of, among other things, compliance with relevant laws, regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Directors' and Supervisors' Remuneration

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" of this prospectus and under "Appendix I — Accountants' Report — C. Notes to Consolidated Financial Information — 14. Directors' and Supervisors' Remuneration" in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from our Company in respect of each of the three financial years ended December 31, 2014 and the six months ended June 30, 2015.

Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or Supervisors and any of the parties listed in the paragraph headed "Qualification of Experts" of this Appendix is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (b) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and
- (c) none of our Directors or Supervisors is a director or employee that has an interest or short position in the shares and underlying shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

As at the Latest Practicable Date, our Company is not involved in any litigation, arbitration or administrative proceedings of material importance which could have a material adverse effect on our financial condition or results of operations, and, so far as we are aware, no litigation, arbitration or administrative proceedings of material importance is pending or threatened against us.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

CICC HK Securities is a wholly-owned subsidiary of our Company and therefore is not independent from our Company under Rule 3A.07 of the Listing Rules. ABCI Capital Limited is independent from our Company under Rule 3A.07 of the Listing Rules.

A fee of US\$500,000 is payable by our Company to each of the Joint Sponsors to act as a sponsor to our Company in connection with the Listing.

Preliminary Expenses

We have not incurred any material preliminary expenses.

Qualification of Experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
CICC HK Securities.....	Licensed to conduct Type 1 (Dealing in securities), Type 2 (Dealing in futures contracts), Type 3 (Leveraged foreign exchange trading), Type 4 (Advising on securities), Type 5 (Advising on futures contracts) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO
ABCI Capital Limited.....	Licensed to conduct Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified public accountants
Haiwen & Partners.....	PRC legal advisors

Consents of Experts

Each of the experts referred to in the paragraph headed “Qualification of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or opinions and/or the references to their names included herein in the form and context in which they are respectively included.

Save for CICC HK Securities, a subsidiary of our Company, none of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

Joint Compliance Advisors

We have appointed CICC HK Securities and ABCI Capital Limited to act as our joint compliance advisors upon the Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

No Material Adverse Change

Except as disclosed in “Summary — Recent Developments and No Material Change” and “Financial Information — Recent Developments”, our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that, as of the date of this prospectus, there has been no other material adverse change in our financial position or prospects since June 30, 2015 and there has been no other event since June 30, 2015 which would have material adverse effect on the information presented in the Accountants’ Report in Appendix I to this prospectus.

Binding Effect

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any capital of our Group;

- (b) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and
- (j) our Company has no outstanding convertible debt securities or debentures.

Our Company is a joint stock limited company (sino-foreign investment) and is subject to the foreign investment related laws and regulations of the PRC.

Our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules with effect from the Listing Date.

Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Promoters

The promoters were Huijin, Jianyin Investment, JIC Investment and China Investment Consulting, GIC, TPG, KKR Institutions Investments, I&G, Mingly and Great Eastern. Save as disclosed in this prospectus, within the two years immediately preceding the Latest Practicable Date, no cash, security or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the Promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

Particulars of the Selling Shareholders

Certain particulars of the Selling Shareholders are set out as follows:

- (a) Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a company established in the PRC whose registered office is at New Poly Plaza, 1 North Chaoyangmen Street, Dongcheng District, Beijing, PRC (中國北京市東城區朝陽門北大街1號新保利大廈). The number of Sale Shares to be sold by Huijin will not be more than 63,654,400 (assuming full exercise of the Over-allotment Option);
- (b) China Jianyin Investment Ltd. (中國建銀投資有限責任公司), a company established in the PRC whose registered office is at 7th-14th Floors, Building No. 2, 1 Naoshikou Street, Xicheng District, Beijing, PRC (中國北京市西城區鬧市口大街1號院2號樓7-14層). The number of Sale Shares to be sold by Jianyin Investment will not be more than 88,400 (assuming full exercise of the Over-allotment Option);
- (c) JIC Investment Co., Ltd. (建投投資有限責任公司), a company established in the PRC whose registered office is at 7th Floor, Building No. 2, 1 Naoshikou Street, Xicheng District, Beijing, PRC (中國北京市西城區鬧市口大街1號院2號樓7層). The number of Sale Shares to be sold by JIC Investment will not be more than 88,400 (assuming full exercise of the Over-allotment Option); and
- (d) China Investment Consulting Co., Ltd. (中國投資諮詢有限責任公司), a company established in the PRC whose registered office is at 12th Floor, Building No. 8, 18 Gongping Road, Hongkou District, Shanghai, PRC (中國上海市虹口區公平路18號8號樓12層). The number of Sale Shares to be sold by China Investment Consulting will not be more than 88,400 (assuming full exercise of the Over-allotment Option).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

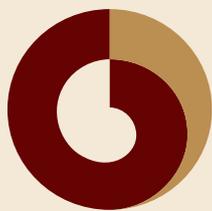
- (a) a copy of each of the **WHITE, YELLOW, GREEN** and **PINK** Application Forms;
- (b) the written consents referred to in the paragraph headed “Other Information — Consents of Experts” in “Appendix VI — Statutory and General Information” to this prospectus;
- (c) a copy of each of the material contracts referred to in the section headed “Further Information about Our Business — Summary of Material Contracts” in “Appendix VI — Statutory and General Information” to this prospectus; and
- (d) the statement of particulars of the Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the accountants’ report in relation to historical financial information, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements of the Group for the three years ended December 31, 2014 and the six months ended June 30, 2015;
- (d) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred to in the section entitled “Further Information about Our Business — Summary of Material Contracts” in Appendix VI to this prospectus;
- (f) the service contracts with Directors and Supervisors referred to in “Appendix VI — Statutory and General Information — Further Information about Our Directors, Supervisors, Staff, Management and Substantial Shareholders — Service Contracts”;
- (g) the written consents referred to in “Other Information — Consents of Experts” in Appendix VI to this prospectus;

- (h) the legal opinions prepared by Haiwen & Partners, our legal advisor as to PRC law, in respect of certain aspects of our Group and the property interests;
- (i) the Company Law, the Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial translations; and
- (j) the statement of particulars of the Selling Shareholders.



CICC
中金公司