



HOLLY FUTURES

*(a joint stock company incorporated in the People's Republic of China with limited liability
under the Chinese corporate name 弘業期貨股份有限公司 and carrying on business in Hong Kong as Holly Futures)*

STOCK CODE: 3678

ANNUAL REPORT 2015

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Important

The Board, the Supervisory Committee, Directors, Supervisors and the senior management of the Company warrant the truthfulness, accuracy and completeness of the annual report, in which there is no false representation, misleading statement or material omission and for which they will assume joint and several liabilities.

This report was considered and approved at the fifth meeting of the second session of the Board and the second meeting of the second session of the Supervisory Committee. All Directors and Supervisors were present at the respective meetings. No Directors, Supervisors or the senior management declared that they could not guarantee nor had any objection to the truthfulness, accuracy and completeness of this report.

The annual financial report for 2015 prepared by the Company in accordance with the Hong Kong Financial Reporting Standards and that with PRC Accounting Standard for Business Enterprises were audited respectively by KPMG and KPMG Huazhen (Special General Partnership) Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所), and an auditor's report with unqualified opinions was issued by each of them. All amounts set out in this report are expressed in Renminbi (RMB) unless otherwise indicated.

Chairman Mr. Zhou Yong, General Manager Ms. Zhou Jianqiu and Chief Financial Officer Ms. Wang Min declare that they warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.

Forward-looking statements including future plan and development strategy involved in this report do not constitute the Company's substantive commitment to investors. Investors should be aware of investment risks.

Chairman's Statement



2015 is a crucial year for our strategic transformation, the final year of the “twelfth five-year” plan, and a momentous milestone of our development. During the year, we successfully completed our listing on the Main Board of the Hong Kong Stock Exchange and became the first state-owned company in Jiangsu to have its initial public offering overseas since the establishment of the Jiangsu SASAC. In this year, we won the “National Civilized Unit” title in the fourth award presentation, and we were the only futures company so named.

The listing in Hong Kong is a pivotal step of the Company towards further asset securitization and the strategic transformation into a mixed ownership company. Upon the listing, our Company not only has much more room for development but also has an optimized shareholding structure and an improved internal governance structure. The listing also helps our Company establish a more efficient and international operation model.

During the year, the Company recorded satisfactory operating results. In 2015, our operating income mainly consisted of income derived from, among others, futures brokerage, asset management, commodity trading and risk management, and investment in financial assets. As at the end of 2015, our total assets amounted to RMB5,529 million, net assets attributable to the Company RMB1,675 million and net profit attributable to the Company RMB70.17 million, which grew by 21% over 2014. As compared to 2014, our total revenue increased by 10% to RMB319 million, in which operating income and net investment gain amounted to RMB293 million and RMB26 million, accounted for 91.66% and 8.34%, respectively. Our key financial indicators such as total assets, net assets and net profit were at historically higher levels, with businesses stepping up. In 2015, the Company was qualified as a participant of stock option trading at Shanghai Stock Exchange and for sales of securities investment funds, and completed the filing for entry into the interbank bond market, thus laying a sound foundation for further diversified development.

Looking forward into 2016, there are new opportunities for development and challenges in the PRC futures market. Exposed to the competition in the market, our Company is determined to put development as the first priority by firmly capturing opportunities for development and pushing reforms forward with advancements while consolidating the core capabilities of existing businesses and exploring diversification with the aim of becoming a highly competitive integrated financial conglomerate principally engaged in the futures and derivative-related businesses.

Zhou Yong
Chairman

Nanjing, the PRC
30 March 2016

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

Articles of Association	the Articles of Association of Holly Futures Co., Ltd. currently in force
Company, our Company or Holly Futures	Holly Futures Co., Ltd. (弘業期貨股份有限公司), a joint stock limited company established in Jiangsu, the PRC under the laws of the PRC on 29 November 2012 and carrying on business in Hong Kong as "Holly Futures", its H Shares of which are listed on Hong Kong Stock Exchange
Group, our Group, us or We	our Company and its subsidiaries
Director(s)	director(s) of our Company
Board	the board of directors of our Company
Supervisor(s)	supervisor(s) of our Company
Supervisory Committee	the supervisory committee of our Company
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Corporate Governance Code	The Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Report	this annual report for 2015
Domestic Share(s)	issued ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid up in RMB
H Share(s)	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each listed on the Main Board of Hong Kong Stock Exchange
Reporting Period	the year ended 31 December 2015

end of Reporting Period	31 December 2015
Prospectus	the prospectus in relation to H Shares of the Company dated 16 December 2015
PRC or China	the People's Republic of China which, for the purpose of this report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
State Council	State Council of the PRC (中華人民共和國國務院)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
SAT	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
NDRC	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)
MOFCOM	Ministry of Commerce of the PRC (中華人民共和國商務部)
Jiangsu Securities Bureau	Jiangsu Securities Bureau of the China Securities Regulatory Commission (中國證券監督管理委員會江蘇監管局)
Jiangsu SASAC	State-owned Assets Supervision and Administration Commission of the Jiangsu People's Government (江蘇省人民政府國有資產監督管理委員會)
Jiangsu AIC	Jiangsu Administration of Industry and Commerce (江蘇省工商行政管理局)
Jiangsu Financial Services Office	Financial Services Office of Jiangsu People's Government (江蘇省人民政府金融服務辦公室)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Chairman	the chairman of our Company
Artall Culture Group	Artall Culture Group Company Limited (愛濤文化集團有限公司, formerly known as Jiangsu Holly International Group Company Limited (江蘇弘業國際集團有限公司)), a limited liability company established under the laws of the PRC on 20 January 1999 and a wholly-owned subsidiary of our Controlling Shareholder
Chief Risk Officer	the chief risk officer of our Company
CFA	China Futures Association (中國期貨業協會)

Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Company Law or PRC Company Law	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time
Controlling Shareholder	SOHO Holdings unless the context requires otherwise
SOHO Holdings	Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司) (formerly known as Jiangsu Silk Group Company Limited (江蘇省絲綢集團有限公司), a wholly state-owned limited liability company established under the laws of the PRC on 29 April 1994, which is the Controlling Shareholder and one of the promoters of the Company
Holly Corporation	Jiangsu Holly Corporation (江蘇弘業股份有限公司) (formerly known as Jiangsu Crafts Import & Export Trading Group Co., Ltd. (江蘇省工藝品進出口集團股份有限公司)), a limited liability company established under the laws of the PRC on 30 June 1994 and one of the promoters and a Shareholder of the Company
Holly Su Industrial	Jiangsu Holly Su Industrial Co., Ltd. (江蘇弘蘇實業有限公司), a limited liability company established under the laws of the PRC on 23 January 2011 and one of the promoters and a Shareholder of the Company
High Hope Corporation	Jiangsu High Hope International Group Corporation (江蘇匯鴻國際集團股份有限公司) (formerly known as Jiangsu High Hope Corporation (江蘇匯鴻股份有限公司)), a limited liability company established in the PRC on 13 October 1992 which was subsequently converted to a joint stock limited company in 1994
High Hope International	Jiangsu High Hope International Group Co., Ltd. (江蘇匯鴻國際集團有限公司), a limited liability company established under the laws of the PRC on 18 December 1996 and one of the promoters of the Company, which was de-registered on 23 September 2015 as a result of the merger with High Hope Corporation by way of absorption
Hongrui Venture Capital	Jiangsu Hongrui Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司), a limited liability company established under the laws of the PRC on 29 September 2002 and one of the promoters and a Shareholder of the Company
Shanghai Mingda	Shanghai Mingda Industrial (Group) Company Limited (上海銘大實業(集團)有限公司), a limited liability company established under the laws of the PRC on 26 December 2002 and one of the promoters and a Shareholder of the Company

Holly Logistics	Jiangsu Holly International Logistics Corporation (江蘇弘業國際物流有限公司) (formerly known as Jiangsu Pengcheng International Storage & Transportation Company Limited (江蘇鵬程國際儲運有限公司)), a limited liability company established under the laws of the PRC on 12 February 1996 and one of the promoters and a Shareholder of the Company
Holly Capital	Holly Capital Management Co., Ltd. (弘業資本管理有限公司), a limited liability company established under the laws of the PRC on 25 June 2013 and a wholly-owned subsidiary of our Company
Holly Su Futures	Holly Su Futures (Hongkong) Co., Limited (弘蘇期貨(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on 20 October 2011 and a wholly-owned subsidiary of our Company which is licensed to carry on Type 2 (dealing in futures contracts) regulated activity under the SFO
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Jiangsu Holly	Jiangsu Holly Futures Brokerage Company Limited (江蘇弘業期貨經紀有限公司) (formerly known as Jiangsu Jinling Futures Brokerage Company Limited (江蘇金陵期貨經紀有限公司), Jiangsu Holly Futures Brokerage Company Limited (江蘇弘業期貨經紀有限公司) and Jiangsu Holly Futures Company Limited (江蘇弘業期貨有限公司)), a limited liability company established under the laws of the PRC on 31 July 1995 and the predecessor of the Company and, where the context refers to any time prior to its establishment, the business which its predecessors were engaged in
Listing Date	the date, being 30 December 2015, on which the H Shares were listed and from which dealings therein were permitted to take place on the Main Board of the Hong Kong Stock Exchange
PRC Futures Exchanges	China Financial Futures Exchange (中國金融期貨交易所), Dalian Commodity Exchange (大連商品交易所), Shanghai Futures Exchange (上海期貨交易所) and Zhengzhou Commodity Exchange (鄭州商品交易所)
Shareholder(s)	holder(s) of the shares of the Company
AUM	the amount of assets under management
average brokerage commission rate	equals the sum of net commission and fee income from futures brokerage business and refunds of trading fees as divided by the corresponding futures brokerage trading volume
client balances	cash and cash equivalents deposited by the brokerage clients with us for trading purpose, consisting of client margin deposits and settlement reserve funds

collective asset management scheme(s)	asset management contract(s) entered into with multiple clients by an asset manager, pursuant to which the clients' assets are placed in the custody of commercial bank qualified to hold client transaction settlement funds or in other institutions approved by the CSRC, and the asset manager provides asset management services to the clients through designated accounts
commission revenue	commission revenue of a futures company represents the sum of (i) commission and fee income generated from futures brokerage operations of a futures company and (ii) refund of relevant commission from futures exchanges
lot	the standardized quantity of futures as set out by the PRC Futures Exchange, and represents the minimum quantity of that futures that may be traded
Introducing Broker(s)	a business partner of our Company who introduces clients to our Company for commission
Net Capital	equals net assets minus asset adjustment value plus liability adjustment value minus the deposits which the clients fail to fully replenish minus/plus other adjustment items recognised or approved by the CSRC
R&D	research and development
settlement reserve funds	unrestricted and unutilised cash balances reserved for the settlement and clearing of the futures trading, which are deposited with the futures exchanges and commercial banks. Settlement reserve funds include client settlement reserve funds and our own settlement reserve funds
targeted asset management scheme(s)	targeted asset management contract(s) entered into with a single client by an asset manager in China, pursuant to which the asset manager provides asset management services to the client through accounts under the client's name
Share(s)	Domestic Share(s) and H Share(s)
Rules of Procedure for Meeting of the Board	the Rules of Procedure for Meeting of the Board of Holly Futures Co., Ltd. currently in force

Company Profile

I. BASIC INFORMATION ABOUT THE COMPANY

1. NAME OF COMPANY

Chinese name: 弘業期貨股份有限公司 (a joint stock limited company established in Jiangsu, the PRC on 29 November 2012 under the PRC laws, and carrying on business in Hong Kong as "HOLLY FUTURES")

Chinese abbreviation (in the PRC): 弘業期貨

English name: Holly Futures Co., Ltd.

2. BOARD

Executive Directors

Mr. Zhou Yong (Chairman)

Ms. Zhou Jianqiu

Non-executive Directors

Mr. Xue Binghai

Mr. Zhang Fasong (resigned on 29 March 2016)

Mr. Sun Changyu

Independent non-executive Directors

Mr. Li Xindan

Ms. Zhang Jie (resigned on 29 March 2016)

Mr. Zhang Hongfa

Mr. Lam Kai Yeung

Special Committees of the Board

Audit Committee	Lam Kai Yeung (Chairman) Xue Binghai Zhang Hongfa
Remuneration Committee	Zhang Hongfa (Chairman) Sun Changyu Li Xindan (the former chairman of the committee, being Zhang Jie, resigned on 29 March 2016)
Nomination Committee	Zhou Yong (Chairman) Li Xindan Zhang Hongfa (a former member of the committee, being Zhang Jie, resigned on 29 March 2016)
Risk Management Committee	Li Xindan (Chairman) Xue Binghai Zhou Jianqiu (a former member of the committee, being Zhang Fasong, resigned on 29 March 2016)

3. SUPERVISORY COMMITTEE

Ms. Xu Yingying (Chairlady of the Supervisory Committee)
Mr. Pu Xuenian
Ms. Wang Jianying

4. LEGAL REPRESENTATIVE

Zhou Jianqiu

5. REGISTERED CAPITAL

RMB907 million

6. QUALIFICATIONS FOR BUSINESSES IN CHINA

Commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, sales of funds qualification



• Head Office

7. HEAD OFFICE IN CHINA

Registered address of the Company: No.50 Zhonghua Road,
Nanjing, Jiangsu Province, the PRC (postcode: 210001)
Office address of the Company: Holly Tower,
No.50 Zhonghua Road, Nanjing, Jiangsu Province, the PRC
(postcode: 210001)
Website of the Company: www.ftol.com.cn
Email address: zqb@ftol.com.cn

8. PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

9. SECRETARY TO THE BOARD

Secretary of the Board: Zhao Weixiong
Address: 9/F, Holly Tower, No.50 Zhonghua Road, Nanjing, Jiangsu Province, the PRC (postcode: 210001)
Tel: 025-52278980
Fax: 025-52303596
Email: zhaoweixiong@ftol.com.cn

10. JOINT COMPANY SECRETARIES

Zhao Weixiong and Leung Wing Han Sharon

11. AUTHORIZED REPRESENTATIVES OF THE COMPANY

Zhou Jianqiu and Zhao Weixiong

12. STATUTORY AUDIT INSTITUTIONS OF THE COMPANY

Domestic accounting firm: KPMG Huazhen (Special General Partnership) (畢馬威華振會計師事務所(特殊普通合夥))
International accounting firm: KPMG

13. COMPLIANCE ADVISOR

Guotai Junan Capital Limited

14. LEGAL ADVISERS

As to Hong Kong Law: Li & Partners
As to PRC Law: Jingtian & Gongcheng

15. PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
Bank of Communications Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Industrial Bank Co., Ltd
Evergrowing Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Merchants Bank Co., Ltd.
Bank of Jiangsu Co., Ltd.
Bank of Nanjing Company Limited
China Everbright Bank Co., Ltd
Ping An Bank Co., Ltd.
Bank of Hangzhou Co., Ltd.
Bank of Shanghai Co., Ltd.
Hua Xia Bank Company Limited
Wing Lung Bank Limited
Bank of China (Hong Kong) Limited

16. H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited

17. STOCK CODE

03678

II. DEVELOPMENT HISTORY

The Company is formerly known as Jiangsu Jinling Futures Brokerage Company Limited (江蘇金陵期貨經紀有限公司) (“Jinling Futures”), which was established on 31 July 1995 upon the approval of the CSRC. Upon its establishment, its registered capital was RMB10.00 million and its equity interest was held as to 60% by Jiangsu Metallurgy Commodities Trading Market (江蘇省冶金物資交易市場) (“Metallurgy Commodities”) and as to 40% by Jiangsu Nonferrous Metal Industrial Company Limited (江蘇省有色金屬工業公司) (“Jiangsu Nonferrous”),

In 1998, 60% equity interest as held by Metallurgy Commodities and 30% equity interest as held by Jiangsu Nonferrous in Jinling Futures were transferred to Jiangsu Crafts Import & Export Trading Group Co., Ltd. (江蘇省工藝品進出口集團股份有限公司) (“Jiangsu Crafts”, and now known as Jiangsu Holly Corporation (江蘇弘業股份有限公司)), and 10% equity interest as held by Jiangsu Nonferrous in Jinling Futures was transferred to Jiangsu Pengcheng International Storage & Transportation Company Limited (江蘇鵬程國際儲運有限公司) (“Pengcheng International”, and now known as Jiangsu Holly International Logistics Corporation (江蘇弘業國際物流有限公司)). Upon the transfer, the registered capital of the Company was RMB10.00 million, of which RMB9.00 million or 90% and RMB1.00 million or 10% were contributed by Jiangsu Crafts and Pengcheng International respectively.

In 1999, the Company changed its name to Jiangsu Holly Futures Brokerage Company Limited (江蘇弘業期貨經紀有限公司). Its registered capital increased to RMB30.00 million, and RMB19.20 million and RMB0.80 million of the capital increase were contributed by Jiangsu Crafts and Pengcheng International respectively. After the completion of the capital increase, 94% of its registered capital or RMB28.20 million and 6% or RMB1.80 million were contributed by Jiangsu Crafts and Pengcheng International respectively.

In 2001, Holly Corporation transferred 48% equity interests in Jiangsu Holly to Jiangsu Holly International Group Investment Management Company Limited (江蘇弘業國際集團投資管理有限公司) (“Holly Investment”). After the equity transfer, 48% of the registered capital of Jiangsu Holly or RMB14.40 million was contributed by Holly Investment; 46% or RMB13.80 million by Holly Corporation; and 6% or RMB1.80 million by Holly Logistics.

In 2006, retain profit of RMB8.00 million of Jiangsu Holly was converted into paid-up capital and the registered capital of Jiangsu Holly increased to RMB38.00 million. After the completion of the capital increase, 48% of the registered capital of Jiangsu Holly or RMB18.24 million was contributed by Holly Investment; 46% or RMB17.48 million by Holly Corporation; and 6% or RMB2.28 million by Holly Logistics.

In 2007, the registered capital of Jiangsu Holly increased to RMB50.00 million, and RMB3.195 million, RMB3.955 million, RMB2.45 million and RMB2.40 million of the capital increase were contributed by Holly Investment, Holly Corporation, Hongrui Venture Capital and Shanghai Mingda. After the completion of the capital increase, 42.87% of the registered capital of Jiangsu Holly or RMB21.435 million was contributed by Holly Investment; 42.87% or RMB21.435 million by Holly Corporation; 4.56% or RMB2.28 million by Holly Logistics, 4.90% or RMB2.45 million by Hongrui Venture Capital; and 4.80% or RMB2.40 million by Shanghai Mingda.

In 2008, the registered capital of Jiangsu Holly increased to RMB108.00 million, of which RMB20.00 million was converted from audited capital reserve for 2007 of RMB4.92 million and retained profit of RMB15.08 million. Meanwhile, shareholders of Jiangsu Holly made cash contribution of RMB38.00 million to the capital. After the capital increase, the shareholding of each shareholder remained unchanged.

In 2009, the registered capital of Jiangsu Holly increased to RMB138.00 million. After the completion of the capital increase, 44.42% of the registered capital of Jiangsu Holly or RMB61.2996 million was contributed by Holly Venture Capital; 44.42% or RMB61.2996 million by Holly Corporation; 3.57% or RMB4.9248 million by Holly Logistics, 3.83% or RMB5.292 million by Hongrui Venture Capital; and 3.76% or RMB5.184 million by Shanghai Mingda.

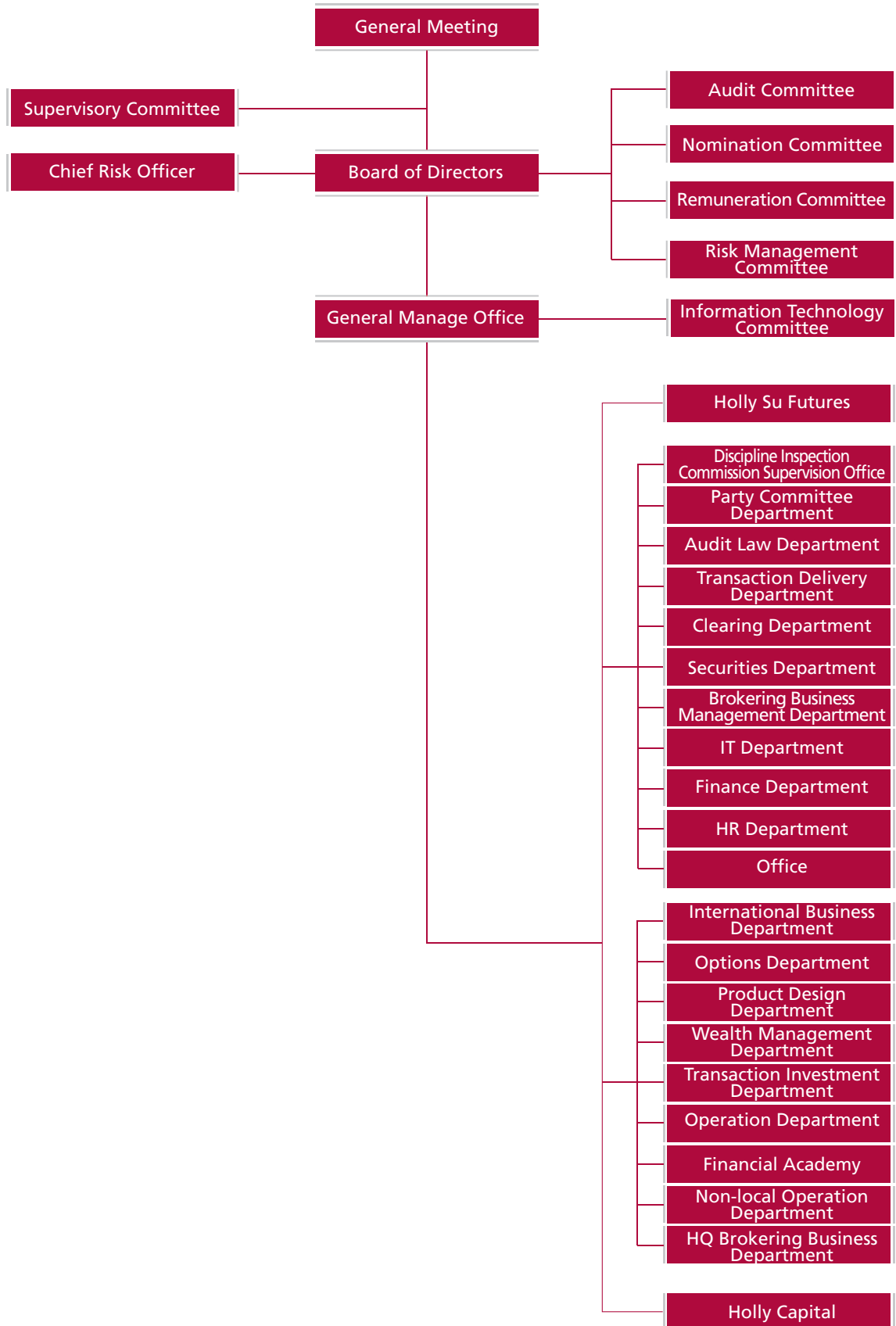
In 2011, the registered capital of Jiangsu Holly increased to RMB380 million. After the completion of the capital increase, 21.75% of the registered capital of Jiangsu Holly or RMB82.65 million was contributed by Holly Investment; 21.75% or RMB82.65 million by Holly Corporation; 21.34% or RMB81.0812 million by SOHO Holdings; 21.11% or RMB80.218 million by Holly Su Industrial; 10.00% or RMB38.00 million by High Hope International; 1.39% or RMB5.292 million by Hongrui Venture Capital; 1.36% or RMB5.184 million by Shanghai Mingda; and 1.30% or RMB4.9248 million by Holly Logistics.

In 2012, the 21.75% equity interest in Jiangsu Holly as held by Holly Investment was transferred to SOHO Holdings and SOHO Holdings held 43.09% equity interest in Jiangsu Holly after the transfer. On 29 November 2012, the whole of Jiangsu Holly was transformed into Holly Futures Co., Ltd. After the overall transformation, the total share capital of the new company amounted to 680,000,000 shares, of which 292,992,674 shares or 43.09% were held by SOHO Holdings; 147,900,000 shares or 21.75% by Holly Corporation; 143,548,000 Shares or 21.11% by Holly Su Industrial; 68,000,000 Shares or 10.00% by High Hope International; 9,469,895 Shares or 1.39% by Hongrui Venture Capital; 9,276,631 Shares or 1.36% by Shanghai Mingda; and 8,812,800 Shares or 1.30% by Holly Logistics.

In 2015, High Hope International was deregistered as a result of the merger with High Hope Corporation by way of absorption. The 68,000,000 shares of the Company as held by High Hope International were transferred to High Hope Corporation.

On 18 August 2015, the CSRC issued the Reply on Approving Holly Futures Co., Ltd.'s Offering of Overseas Listed Foreign Shares (Zheng Jian Xu Ke [2015] No.1963) (《關於核准弘業期貨股份有限公司發行境外上市外資股的批覆》(證監許可[2015]1963號)) to approve the Company's offering of no more than 261,050,000 overseas listed foreign shares, all of which are ordinary shares of a nominal value of RMB1 each. On 30 December 2015, the shares issued by the Company overseas were listed on the Main Board of Hong Kong Stock Exchange (stock abbreviation: Holly Futures; and stock code: 03678). According to the Reply Concerning Transfer of State-owned Equities of Holly Futures Co., Ltd. (Guo Zi Chan Quan [2015] No. 411) (《關於弘業期貨股份有限公司國有股轉持有關問題的批覆》(國資產權[2015]411號)) by State-owned Assets Supervision and Administration Commission of the State Council, after the completion of such offering of the Company, the state-owned shareholders Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司), Jiangsu High Hope International Group Co., Ltd. (江蘇匯鴻國際集團股份有限公司), Jiangsu Hongrui Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司) and Jiangsu Holly International Logistics Corporation (江蘇弘業國際物流有限公司) transferred their respective 17,535,897 shares, 4,069,866 shares, 566,782 shares and 527,455 shares (22,700,000 shares in total) to National Council for Social Security Fund. Upon the listing, the total share capital of the Company amounted to 907,000,000 shares, which were held by Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司) as to 275,456,777 shares or 30.37%, by Jiangsu Holly Corporation (江蘇弘業股份有限公司) as to 147,900,000 shares or 16.31%, by Jiangsu Holly Su Industrial Co., Ltd. (江蘇弘蘇實業有限公司) as to 143,548,000 shares or 15.83%, by Jiangsu High Hope International Group Co., Ltd. (江蘇匯鴻國際集團股份有限公司) as to 63,930,134 shares or 7.05%, by Jiangsu Hongrui Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司) as to 8,903,113 shares or 0.98%, by Shanghai Mingda Industrial (Group) Company Limited (上海銘大實業(集團)有限公司) as to 9,276,631 shares or 1.02%, by Jiangsu Holly International Logistics Corporation (江蘇弘業國際物流有限公司) as to 8,285,345 shares or 0.91% and by public shareholders of H Shares as to 249,700,000 H Shares or 27.53%.

III. ORGANIZATIONAL STRUCTURE



IV. SUBSIDIARIES

Name	Office address	Country of incorporation/ registered address	Principal activities	Place of operation	Date of incorporation	Registered capital	Shareholding ratio	Remarks
Holly Capital Management Co., Ltd.	Room 201, Block A, No.1 Qianwan Road, 1, Qianhai Shenzhen Hong Kong Cooperative District, Shenzhen	Room 201, Block A, No.1 Qianwan Road, 1, Qianhai Shenzhen Cooperative District, Shenzhen	Basis trading, cooperation hedging, warehouse receipts services	PRC	25 June 2013	RMB150.00 million	100%	
Holly Su Futures (Hongkong) Co., Ltd.	Block D, 20/F, Fortis Tower, 77-79 Gloucester Road, Wanchai	Block D, 20/F, Fortis Tower, Gloucester Road, Wanchai	Provisions of futures trading	Hong Kong	20 October 2011	HK\$25.00 million	100%	acquired by the Company on 30 September 2015

V. DISTRIBUTION OF SECURITIES BRANCHES

As at the end of the Reporting Period, the Company had established 43 securities branches in the PRC with the approval from the CSRC. The details are set out in the following table:

Name of Branch	Address	Date of Establishment	Person in charge	Contact number
Suzhou Branch	Room 1303-1304,1305-1306, 13/F, No.9 Aiheqiao Road, Gusu District, Suzhou City	18 December 2001	Feng Xin	0512-88166669
Changzhou Branch	Room 6032,6053, Jiaye Building, No.99 Yanlin West Road, Zhonglou District, Changzhou City	24 September 2002	Zhu Jianfeng	0519-85229730
Yangzhou Branch	2,3/F, 3-storey commercial building next to Grand Skylight CIMC Hotel, No.368 Yangzjiang North Road, Yangzhou City	25 October 2002	Zhou Xiang	0514-87310067
Wuxi Branch	Room 1706,1707,1708,1709, No.531 Zhongshan Road, Wuxi City	12 December 2003	Cui Juan	0510-82701302
Beijing Branch	9/F, Block B, No.88 Andingmenwai Dajie Ding (Jiangsu Building), Dongcheng District, Beijing City	2 February 2005	Sun Jing	010- 68014881
Shanghai Branch	Room 1210,1211, No.1589 Century Avenue, Pudong New Area, Shanghai City	15 August 2007	Li Yan	021-58308628
Nantong Branch	Room 703, Fangtian Building, No.6 Yaogang Road, Nantong City	6 September 2007	Cai Xuwen	0513-85113309

Name of Branch	Address	Date of Establishment	Person in charge	Contact number
Qingdao Branch	Room 2301, Building No.1, No.10 Xianggang Zhong Road, Shinan District, Qingdao City	26 November 2007	Qu Binghan	0532-85028556
Hefei Branch	Room 707, Block 1,Wucai Commercial Plaza, No.129 Wangjiang West Road, Shushan District, Hefei City	26 December 2007	Tan Haijun	0551-2671969
Xuzhou Branch	Room 2206-2207, Didou Building, Heping Road, Yunlong District, Xuzhou City	4 January 2008	Qiu Xinbo	0516-85695258
Hangzhou Branch	Room 1401, Block B, New Oriental Building, No.18 Xihu Avenue, Hangzhou City	20 February 2008	Ren Zhenxiang	0571-87185615
Zhengzhou Branch	Room 1006, Futures Building, No.30 Business Outer Ring Road, Zheng Dong New District, Zhengzhou City	1 July 2008	Yang Xiujia	0371-65615362
Taizhou Branch	Room 108-109, 206-210, No.21 Ying Chun West Road, Hailing District, Taizhou City	3 July 2008	Yang Yong	0523-86211993
Nanning Branch	Room 2103, 21/F, Block A, Pacific Century Plaza, No.25 Jinzhou Road, Nanning City	19 September 2008	Da Rujie	0771-5760761
Zhenjiang Branch	17/F, No.8 Guang Cheng Road, Runzhou District, Zhenjiang City	31 October 2008	Shi Qingling	0511-85088168
Fuzhou Branch	Unit 2504, 25th Floor of Lippo Tianma Plaza, 1 Wuyibei Road, Gulou District, Fuzhou City	10 November 2008	Shi Shuqiang	0591-38118117
Dalian Branch	Room 2302, Dalian Futures Building, Block A, Dalian International Finance Center, No.129 Exhibition Road, Sha He Kou District, Dalian City	26 November 2008	Tang Yongqiang	0411-39799891
Changsha Branch	Room 1701, 17/F, Cultural Building, No.139 Shaoshan North Road, Fu Rong District, Changsha City	11 December 2008	Liu Zhongwen	0731-4426856
Yancheng Branch	Room 3A07, 3A08, 4/F, Huabangdong Mansion, No.1 Renmin South Road, Yancheng City	16 June 2009	Lu Yongfeng	0515-88889288
Xian Branch	Unit G, 13/F, New Times Square, No.55 North Avenue, Lianhu District, Xian City	10 April 2009	Ma Keyi	029-87208280
Jinan Branch	Room 901, 5/F, Zhong Run Century Square, No.13777 Jingshi Road, Lixia District, Jinan City, Shandong Province	7 August 2009	Fu Luzhong	0531-55592255
Tianjin Branch	Room 2202-2203A, Brilliant Crystal Tower, No.53 Weidi Road, Hexi District, Tianjin City	19 August 2009	Ma Hualin	022-58780756
Nanchang Branch	Room 307,308, 3/F, Unit 1, B2 office building, Nanchang Wanda Center, Lot B-21-3, Honggutan Central Business Area, Honggutan New Area, Nanchang City	8 January 2010	Wu Zhenxing	0791-6653600
Haikou Branch	Room 1809-1811, Fortune Centre, No.38 Datong Road, Longhua District, Haikou City, Hainan Province	25 March 2010	Ge Runhua	0898-66789092
Suqian Branch	Unit 2401,2402,2403,2404,2418, Zhejiang Building, Kailinrui Paris City, Sucheng District, Suqian City, Jiangsu Province	5 May 2010	Long Jing	0527-84331588

Name of Branch	Address	Date of Establishment	Person in charge	Contact number
Shenyang Branch	Room 707-714, Block C, Jiarun Building, No.161 Nanjing North Street, Heping District, Shenyang City	11 October 2010	Jin Chonghua	024-31286433
Wuhan Branch	Room 2208,2209, 22/F, Galaxy Plaza, No.888 Zhongshan Avenue, Jiangnan District, Wuhan City	11 March 2011	Zhang Junjian	027-82798311
Guangzhou Branch	Room 09-11, Indicated as 9/F[9/F], No 136,138 Tiyu East Road, Tianhe District, Guangzhou City	8 March 2011	Lin Jun	020-22836686
Ningbo Branch	No.267 Guang Xian Road, Gaoxin District, Ningbo City	7 July 2011	Xiang Hongda	0574-87869517
Lianyungang Branch	Unit 1101,02,03,05-1, Longhe Mansion Phase II Construction, No.6 Cangwu Road, Haizhou District, Lianyungang City, Jiangsu Province	16 September 2011	Cao Qiang	0518-85321108
Chongqing Branch	6-15# and 6-16#, No.388 Xinhua Road, Yuzhong District, Chongqing City	30 December 2011	Luo Jun	023-88367700
Taiyuan Branch	Unit A, 5/F, Block A, Building 1, No.9 Fuxi Street, Xinghualing Qu, Taiyuan City	2 February 2012	Zhu Huashou	0351-8689591
Huaian Branch	Room 1111,1112, office building of Huaihai City One, Qinghe District, Huaian City	8 May 2012	Pan Chengyou	0517-83900209
Wuhu Branch	Room 1211,1212, Huishang Financial Plaza North Building, Jing Hu District, Wuhu City, Anhui Province	28 June 2012	Jin Junwang	0553-3917022
Chengdu Branch	Unit 03,04, 9/F, Zone A1, Tianfu Time Square, No.68 Zhiquan Road, East Avenue, Jinjiang District, Chengdu City	1 February 2013	Fang Chao	028-84471800
Shenzhen Branch	Unit 808, Modern Commercial Building, intersection between Jintian Road and Fuhua Road, Futian District, Shenzhen City	22 February 2013	Liu Wena	0755-22663155
Changshu Branch	Room A617,A618,A620, No.45 Haiyu North Road (Changshu World Trade Center), Changshu City, Jiangsu Province	23 July 2013	Mou Chun	0512-52092316
Jiangyin Branch	Room 1802, Block A, Kaiyue International Finance Centre, No.27 Huancheng North Road, Jiangyin City	23 July 2013	Yu Dongdong	0516-85795222
Yixing Branch	Room 201-A, 2/F, Yixing International Trade Building, No.21 Jiao Yu West Road, Yicheng Street, Yixing City	23 August 2013	Liu Yuanhong	0510-87961109
Zhangjiagang Branch	No.178 Chengbei Road, Zhangjiagang City	6 September 2013	Zhou Xingjun	0512-89598788
Shanghai Free Trade Zone Branch	Room 1504, No.2 Maji Road, China (Shanghai) Pilot Free Trade Zone	3 September 2013	Li Jianfeng	021-68457877
Xiamen Branch	Room 1304, No.820 Xiahe Road, Siming District, Xiamen City, Fujian Province	18 November 2013	Zeng Lei	0592-5201699
Kunshan Branch	No.199 Huaqiao Commerce Avenue, Kunshan City, Jiangsu Province	24 September 2014	Fu Fangyuan	0512-86896363

Financial Summary

1. Major accounting data and financial indicators

(Unless otherwise specified, the accounting data and financial indicators contained in this annual report are prepared in accordance with the Hong Kong Financial Reporting Standards.)

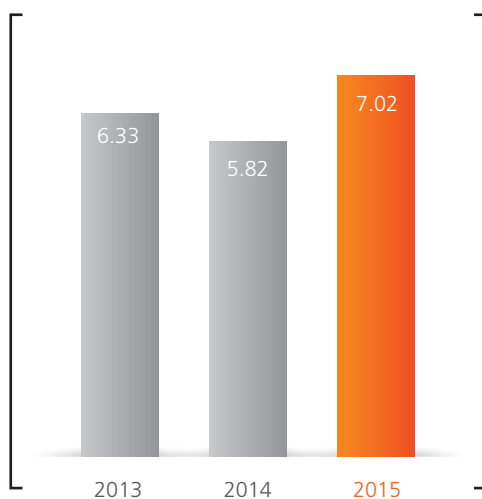
(1) Major accounting data and financial indices for the past three years

RMB' 000	2015	2014	Increase in 2015 as compared to 2014		2013	2012
			Amount	%		
Operating income	319,189	291,121	28,068	10%	336,921	379,886
Profit before taxation	89,476	76,382	13,094	17%	89,032	126,217
Profit after taxation – attribute to shareholders of the Company	70,170	58,204	11,966	21%	63,279	96,536
Net cash generated from operating activities Inflows/(outflows)	255,394	160,588	94,806	59%	71,008	(355,750)
Earnings per share (RMB/share)						
Basic earnings per share	0.1031	0.0856			0.0931	0.1420
Diluted earnings per share	0.1031	0.0856			0.0931	0.1420
Profitability indicators						
Weighted average return on net assets (%)	4.79%	4.67%			5.24%	8.80%

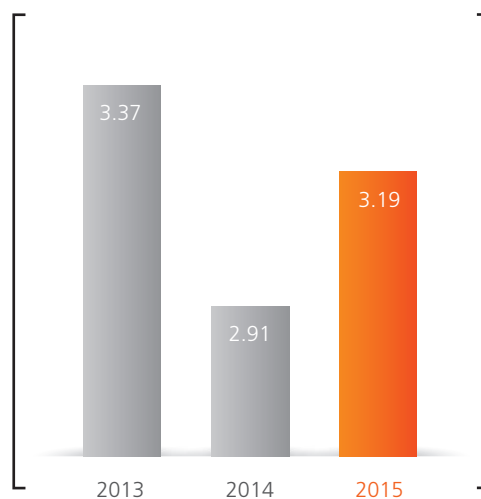
Scale indicators (RMB'000)	As at 31 December 2015	As at 31 December 2014	Increase in 2015 as compared to 2014		As at 31 December 2013	As at 31 December 2012
			Amount	%		
Total assets	5,528,765	3,367,640	2,161,125	64%	3,300,696	2,944,872
Total liabilities	3,853,374	2,113,661	1,739,713	82%	2,060,555	1,769,438
Accounts payable to brokerage clients	3,663,459	1,962,840	1,700,619	87%	2,033,065	1,721,762
Equity attributable to shareholders of the Company	1,675,391	1,253,979	421,412	34%	1,240,141	1,175,434
Total share capital ('000)	907,000	680,000	227,000	33%	680,000	680,000
Net assets value per share attributable to shareholders of the Company (RMB per share)	1.85	1.84			1.82	1.73
Gearing ratio (%) ^{Note 1}	10%	11%			2%	4%

Note 1: Gearing ratio = (Total liabilities – Currency deposits payable)/(Total assets – Currency deposits payable)

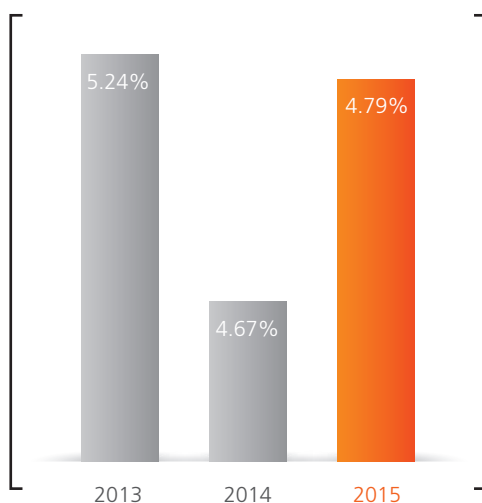
Profit after taxation-attributable to shareholders of the Company (RMB 10 million)



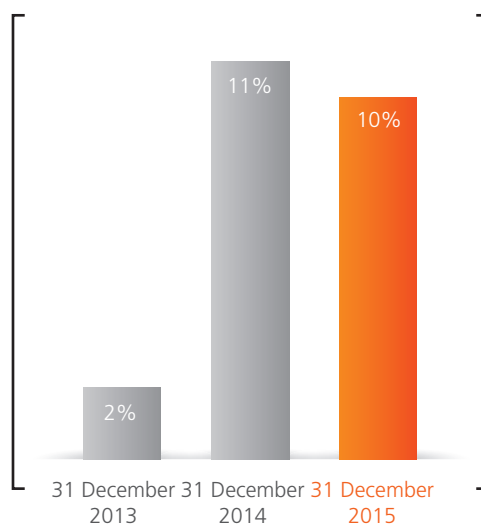
Operating income (RMB 100 million)



Weighted average return on net assets



Gearing ratio



Scale indicators (RMB 100 million)



(2) Major accounting data and financial indicators for the past four years**1. Profitability**

RMB' 000	2015	2014	2013	2012
Operating income	319,189	291,121	336,921	379,886
Operating expenses	233,362	218,586	252,963	258,560
Profit before taxation	89,476	76,382	89,032	126,217
Profit after taxation – attributable to shareholders of the Company	70,170	58,204	63,279	96,536

2. Assets

RMB' 000	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Total assets	5,528,765	3,367,640	3,300,696	2,944,872
Total liabilities	3,853,374	2,113,661	2,060,555	1,769,438
Accounts payable to brokerage clients	3,663,459	1,962,840	2,033,065	1,721,762
Equity attributable to shareholders of the Company	1,675,391	1,253,979	1,240,141	1,175,434
Share capital	907,000	680,000	680,000	680,000

3. Key financial indicators

RMB' 000	2015	2014	2013	2012
Basic earnings per share	0.1031	0.0856	0.0931	0.1420
Diluted earnings per share	0.1031	0.0856	0.0931	0.1420
Weighted average return on net assets (%)	4.79%	4.67%	5.24%	8.80%
Gearing ratio (%) ^{Note 1}	10%	11%	2%	4%
Net assets value per share attributable to shareholders of the Company (RMB per share)	1.85	1.84	1.82	1.73

Note 1: Gearing ratio = (Total liabilities – client deposit payables)/(Total assets – client deposit payables)

2. Net Capital and relevant risk control indicators of the Company

The Net Capital of the Company as at 31 December 2015 amounted to RMB953 million, representing a decrease of RMB71 million as compared with RMB1.024 billion as at the end of 2014. During the Reporting Period, various risk control indicators including the Net Capital met regulatory requirements. (The following table sets out the Net Capital and the major risk control indicators prepared by the Company in accordance with PRC Accounting Standards and the regulatory requirements in the PRC)

	As at 31 December 2015	As at 31 December 2014	Warning level	Minimum/ Maximum level
Net capital (RMB, million)	953	1,024	18	≥15
Net Capital/total risk capital reserves (%)	376%	511%	120%	≥100%
Net Capital/net assets (%)	61%	90%	48%	≥40%
Current assets/current liabilities	591%	872%	120%	≥100%
Total liabilities/net assets	17%	11%	120%	≤150%
Proprietary settlement reserve funds (RMB, million)	28	36	9.6	≥8

Management Discussion and Analysis

1. Industry under review

In 2015, the global economy recovery continued to be slow and remained divergent across different economies. The developed economies recovered in a slow yet increasing pace while the overall economic growth of emerging markets and developing economies continued to decline. The global economy underwent profound adjustments.

In 2015, the growth rate of the domestic economy declined. Fixed asset investment and consumption in the society for the year remained at low levels while the demand for exports was weak. The traditional economic growth model faced relatively greater pressure and thus a new sustainable growth model had to be developed through structural adjustments and reform promotion. In conclusion, the domestic macro economy had a solid foundation with huge market potential and enhanced innovation capability. As there were sound support and basic conditions for sustainable economic growth, stable growth and structure optimization were expected to continue.

During the Reporting Period, under the impetus of national policy support and regulatory authorities, the futures industry embraced better opportunities for development. The innovation vitality of the futures industry was gradually released. While three core businesses, namely brokerage business, commodity trading and risk management business and asset management business were strengthened, new business models and services such as over-the-counter derivatives, cross-market business and cross-border business were gradually developed. The business scale and operation quality of futures business institutions were significantly enhanced, and, thus, the function of the futures market in serving the real economy was further strengthened. As of the end of 2015, the PRC futures market achieved a trading volume of 3,578 million lots, representing a year-on-year increase of 42.78%; trading turnover amounted to RMB554.23 trillion, representing a year-on-year increase of 89.81%; total assets, Net Capital and futures margin deposits of futures companies amounted to more than RMB470 billion, RMB60 billion and RMB380 billion respectively, representing increases of 38%, 26% and 39% as compared to the end of 2014 respectively. Meanwhile, adhering to their principle of placing equal emphasis on innovative development and risk prevention, the futures business institutions further strengthened and optimized their risk prevention mechanisms. Facing the abnormal fluctuations of stock markets and huge volatility of commodity markets in 2015, futures companies and risk management companies placed strict control on risks, thereby proving again the risk control capability of the futures industry.

2. Business review

The Company is mainly engaged in futures brokerage business, asset management business as well as commodity trading and risk management business. In order to improve its capital efficiency, the Company is engaged in financial assets investment, mainly including securities, funds, wealth management products issued by banks and asset management plans.

(1) Futures brokerage business

The futures brokerage business of the Company includes providing brokerage service in respect of the commodity futures and financial futures available at all futures exchanges in the PRC and receiving handling fees from clients. As of the end of 2015, the Company had 43 branches, which mainly located at various municipalities, Jiangsu Province and other economically developed cities in the PRC.

The Company completed its acquisition on Holly Su Futures on 30 September 2015. Holly Su Futures has commenced its business since 20 October 2011 and is a company incorporated in Hong Kong and a licensed corporation under the SFO to carry out Type 2 (dealing in futures contracts) regulated activities. It has generated overseas futures income since 2013. Through its cooperation with three overseas brokers, Holly Su Futures provides brokerage services in respect of the futures available at the major global futures exchanges.

In 2015, the Company fully leveraged its advantage of an extensive branch network and its professional research on markets to proactively commence cooperation with financial institutional investors such as banks, securities dealers, funds, trusts and private funds by taking large corporate clients as a breakthrough point for promoting the growth of business scale. Meanwhile, with the help of the Internet, the Company actively carried out in-depth market development through a variety of online marketing. In 2015, the accumulated turnover amounted to RMB5.31 trillion, representing a year-on-year increase of 40.85% as compared with RMB3.77 trillion in 2014; the handling fee and interest income from the futures brokerage business of the Company amounted to RMB233 million, representing a year-on-year increase of 8% as compared with RMB216 million 2014; as at the end of the Reporting Period, balances of client margin deposits amounted to RMB3,663 million, representing a year-on-year increase of 87% as compared with RMB1,963 million in 2014. Cash held on behalf of brokerage clients reflected the size of clients' assets held by the futures company and provided a basis for the brokerage business, thus laying a foundation for business innovation. In 2015, the Company was rated "Class A of the A Category" in industrial classification rating.

In 2016, the Company will continue to optimize its branch network structure, strengthen its marketing and promotion and enhance its capacity in brokerage business.

(2) Asset management business

Asset management refers to the Company's acceptance of entrustment from customers, using entrusted assets for investment and acquiring the relevant income. The investment scope of the asset management of the Company mainly includes futures and other financial products investment.

For conforming to the new landscape of the asset management industry development, the Company took the initiative to adjust the internal structure and conduct a comprehensive rationalization on the departmental responsibilities and assessment criteria, so as to improve the efficiency and industrial competitiveness of the asset management of the Company. As at the end of the Reporting Period, the Company launched 23 asset management plans with AUM amounting to RMB212 million. In 2015, the asset management business achieved an income of RMB3.07 million, representing a relatively larger increase as compared to RMB0.40 million for 2014 with year-on-year growth of 668%.

In 2016, the Company will further develop the wealth management business by focusing on its proprietary trading team so as to fully utilize the Company's expertise in the derivatives market and provide asset management services with various risk preferences and return levels to the market.

(3) Commodity trading and risk management business

Risk management business is mainly engaged through the Company's wholly-owned subsidiary, Holly Capital Management Co., Ltd. It provides futures and commodity related warehouse receipts and price risk management service that is tailor-made for its clients, where it derives price differences, commission and interest income through business such as cooperative hedging, commodities trading and purchase and re-sale of commodities. Established in June 2013, Holly Capital is principally engaged in capturing market opportunities based on its experiences accumulated in the futures and spot markets for fulfilling demand from clients.

In 2015, the income from commodity trading and risk management and warehouse receipts business amounted to RMB32.63 million, representing a year-on-year increase of 89% as compared with RMB17.22 million for 2014. Profit before taxation of RMB21.39 million was achieved, representing a year-on-year increase of 128% as compared with RMB9.38 million for 2014.

In 2016, Holly Capital will continue to dig up its operation advantage, make full use of its platform and trading functions and bring forth new ideas on innovative business model. It will also strengthen its cooperation with other business sectors of the Company, research on cross-border hedging transactions and trade finance plans in due course and enhance its management and control of its business.

(4) Financial assets investment

For a better use of the cash of the Company, the Company is also engaged in financial assets investment, including securities, wealth management products issued by banks, funds and asset management plans, etc.

The investment principle and strategy of the Company are to utilize idle cash to earn stable returns with risks under complete control. Therefore, the Company adhered to prudent operation and value investment. In 2015, net gains from financial assets investment amounted to RMB11.27 million.

Financial assets investment is one of the major sources of income of the Company. In 2016, the Company will continue to cooperate with product promoters of sound reputation with risks under control, while conducting full research and making timely investment so as to retain and increase the value of the funds of the Company.



• The Company won the "National Civilized Unit" title



• Holly Tower

3. Financial Statement Analysis

1. Financial statement analysis

(1) Profitability Analysis

During the Reporting Period, the Company seized the opportunities of the industry innovation and development and gradually enhanced its comprehensive strength. The agency trading volume of its principal brokerage business grew steadily. Its investment business achieved good yields while its assets management business achieved a faster growth. The overall operation kept on developing steadily with growing profitability. The Group achieved total operating income of RMB319 million with a year-on-year increase of 10%. The net profit attributable to Shareholders of the Company amounted to RMB70.17 million with a year-on-year increase of 21%. The earnings per share amounted to RMB0.1031 and the weighted average return on net assets was 4.79% with a year-on-year increase of 0.12 percentage point.

(2) Asset Structure and Asset Quality

As at the end of 2015, the total assets of the Group amounted to RMB5,529 million, representing an increase of 64% as compared with RMB3,368 million at the end of 2014; the total liabilities amounted to RMB3,853 million, representing an increase of 82% as compared with RMB2,114 million in 2014; and the net assets attributable to the shares of the Company increased by 34% as compared with RMB1,254 million at the end of 2014 to RMB1,675 million, among which equity increased by RMB421 million due to the net proceeds raised after the listing of H Shares of the Company.

The asset structure remained stable while the quality and liquidity of assets were well maintained. As at the end of 2015, the total assets of the Group consisted of: current assets of RMB5,433 million, accounting for 98% of the total assets and mainly including cash held on behalf of clients of RMB2,985 million (accounting for 54%), cash and bank balances of RMB1,156 million (accounting for 20.90%), refundable deposits of RMB735 million (accounting for 13.29%), other receivables of RMB482 million (accounting for 8.73%), assets for financial investment of RMB71 million (accounting for 1.28%) and other current assets of RMB4 million (accounting for 0.07%). There was no indicator for material impairment of the assets of the Company in 2015.

As at the end of 2015, the liabilities deducting deposits payable to clients amounted to RMB190 million, representing an increase of 26% as compared with RMB150 million at the end of 2014. The increase was mainly attributable to the listing of the Group in Hong Kong in 2015 for raising funds, listing and financing fees payable to social security funds and the innovative development of asset management business by the Company for the proactive development of products, leading to an obvious expansion in the scales of funds raised through asset management products. The gearing ratio of the Group was 10%, representing a decrease of 1 percentage point as compared to 11% at the end of 2014 (Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients)). The operating leverage was 1.11 times, representing a decrease of 0.9% as compared with 1.12 times at the end of 2014 (Note: Operating leverage = (Total assets – Accounts payable to brokerage clients)/Equity attributable to the Shareholders of the Company).

(3) Financing Channels and Financing Ability

The Company met the capital requirement for operations through equity financing. On 30 December 2015, the Company became listed on the Hong Kong Stock Exchange by its initial public offering of H shares. 249,700,000 shares (comprising 227,000,000 H Shares offered by the Company and 22,700,000 sale shares offered by the Shareholders of shares subject to sales limitations) were offered in the global public offering of H Shares of the Company with a nominal value of RMB1.00 each at the offer price of HK\$2.43 per share and the proceeds amounted to approximately HK\$607 million. Upon the listing, the Company can conduct equity financing through ways including further issuance and placement, and thus the soundness of financial sources for business development was stronger.

(4) Liquidity Level Management

The Company places great emphasis on liquidity management based on the principle of “comprehensive, prudent and predictability” while focusing on the organic combination of the security, liquidity and profitability of capital. The liquidity monitor index of the Company in each month throughout 2015 complied with the regulatory requirements of the CSRC.

(5) Cash Flows

The net increase in cash and cash equivalents amounted to RMB129 million in 2015.

Net cash generated from operating activities of the Group amounted to RMB255 million in 2015, representing a year-on-year increase of RMB94 million as compared with RMB161 million for 2014; net cash used in investing activities amounted to RMB32 million in 2015, representing a year-on-year decrease of RMB49 million as compared with RMB17 million that generated from for 2014; net cash used in financing activities amounted to RMB94 million in 2015, representing a year-on-year decrease of RMB117 million as compared with RMB23 million that generated from for 2014; net increase in cash and cash equivalents amounted to RMB129 million in 2015, representing a year-on-year decrease of RMB72 million as compared with RMB201 million for 2014.

(6) Income Statement Items

In 2015, the Group's profit before income tax amounted to RMB89.476 million, representing a year-on-year increase of RMB13.094 million or 17%. The key financial results are as follows:

In RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Revenue	292,583	273,875	18,708	7%
Net investment gains	26,606	17,246	9,360	54%
Operating income	319,189	291,121	28,068	10%
Other income	4,190	4,366	176	-4%
Operating and management expenses	233,362	218,586	14,776	7%
Profit from operations	90,017	76,901	13,116	17%
Share of losses of associates	541	519	22	4%
Profit before taxation	89,476	76,382	13,094	17%
Income tax expense	19,306	18,178	1,128	6%
Profit after taxation	70,170	58,204	11,966	21%
Basic and diluted earnings per share	0.1031	0.0856		
Other comprehensive income				
Other comprehensive income that maybe reclassified to income statement	(5,466)	2,116	(7,582)	358%
Exchange differences on translation of financial statements in foreign currencies	829	(16)	845	5,281%
Comprehensive income	65,533	60,304	5,229	9%

1. Revenue

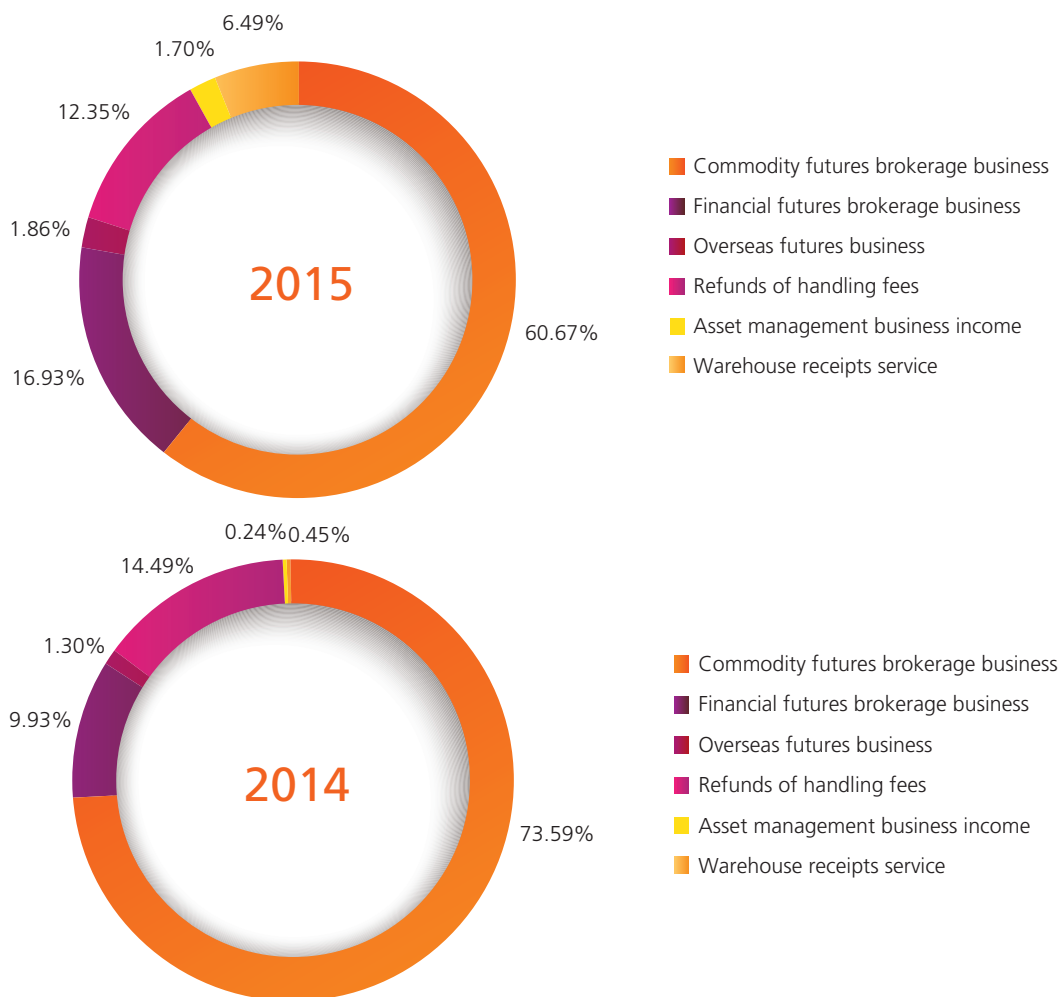
In 2015, the Group achieved revenue of RMB292.583 million, representing a year-on-year increase of RMB18.708 million or 7%. Both the fee income and interest income presented an upward trend. For 2015 and 2014, the Group's proportion of fee income were 61.5% and 61.1% respectively while the proportion of interest income were 38.5% and 38.9% respectively. Breakdown is set out in the following table:

In RMB'000	2015		2014		Increase in 2015 as compared to 2014	
	Amount	Proportion	Amount	Proportion	Amount	Ratio
Fee income	179,883	61.5%	167,389	61.1%	12,494	7.5%
Interest income	112,700	38.5%	106,486	38.9%	6,214	5.8%
Total	292,583	100.0%	273,875	100.0%	18,708	6.8%

1) Fee income

The fee income of the Group amounted to RMB179.883 million, representing a year-on-year increase of RMB12.494 million or 7.5%, which was mainly attributable to the growth in the income from warehouse receipts service. Fee income comprised (i) commodity futures brokerage business; (ii) financial futures brokerage business; (iii) overseas futures business; (iv) refunds of handling fees from the futures exchanges; (v) fee income from asset management business; and (vi) income from warehouse receipts service of Holly Capital. Breakdown is set out in the following table:

In RMB'000	2015		2014		2015 as compared to 2014	
	Amount	Proportion	Amount	Proportion	Amount	Ratio
Commodity futures brokerage business	109,130	60.67%	123,178	73.59%	(14,048)	-11.40%
Financial futures brokerage business	30,462	16.93%	16,628	9.93%	13,834	83.20%
Overseas futures business	3,342	1.86%	2,169	1.30%	1,173	54.08%
Refunds of handling fees	22,213	12.35%	24,261	14.49%	(2,048)	-8.44%
Asset management business income	3,066	1.70%	401	0.24%	2,665	664.59%
Warehouse receipts service	11,670	6.49%	752	0.45%	10,918	1,451.86%
Total fee income	179,883	100.00%	167,389	100.00%	12,494	7.46%



Charts on the total fee income of the Group

- ① The income from futures brokerage business amounted to RMB142.934 million, representing a year-on-year increase of RMB0.959 million or 0.7%, which mainly comprised fee income from commodity futures, financial futures and overseas futures brokerage business. Fee income from commodity futures amounted to RMB109.130 million, representing a year-on-year decrease of RMB14.048 million or 11.4%, which was mainly attributable to the decrease in handling fee rate from 0.55 bp in 2014 to 0.48 bp in 2015 (including commodity futures and financial futures, excluding overseas futures business) due to the pressure of competition and a larger decrease in average commodity price, resulting in a limited increase in the trading volume of commodity futures. Meanwhile, since the PRC stock market was subject to larger fluctuations in 2015, the growth in financial futures increased while the growth in commodity futures decreased. Fee income from financial futures amounted to RMB30.462 million, representing a year-on-year increase of RMB13.834 million or 83.2% as compared to RMB16.628 million in 2014. Since the increase in the trading volume of financial futures was larger due to the stock market fluctuations in 2015, the year-on-year increase in the relevant fee income was more obvious than 2014, despite the decrease in handling fee rate from 0.11 bps in 2014 to 0.10 bp in 2015.

The proportion of the trading volume of the Company to the overall market trading volume was 0.8% in 2015. Since three new financial futures products were launched in 2015 and the PRC stock market rose sharply in the first half of the year with the highest index point of 5,178 points, the trading volume of the futures market and the Company greatly increased as a whole. Despite the fact that the stock market suffered from downturn since July 2015 and the CSRC introduced a series of policies to prohibit the opening of short positions for financial futures, resulting in a relatively larger decrease in trading volume as compared to the first half of the year, there was still a larger increase in the annual average trading level as compared to 2014. Meanwhile, the trading volume of commodity futures and financial futures rose sharply due to the larger fluctuations in commodity price, launch of new commodity and financial futures products and more participation of hedging, arbitrage and speculative funds in 2015 as well as the fluctuation of the stock market in 2015.

- ② The income from overseas futures business amounted to RMB3.342 million, representing a year-on-year increase of RMB1.173 million or 54.1%, which was mainly attributable to Holly Su Futures. Being established for a shorter time, Holly Su Futures is on track to have a sound development with a further rising fee income.
- ③ Refunds of handling fees from the exchanges amounted to RMB22.213 million, representing a year-on-year decrease of RMB2.048 million or 8.4%. The futures exchanges in the PRC (China Financial Futures Exchange, Shanghai Futures Exchange, Zhengzhou Commodity Exchange and Dalian Commodity Exchange) took into consideration of several factors, including but not limited to the trading amount of futures products, types of futures products and the market situation, when determining the refund amount at its discretion. The refund rates of the exchanges were 15.54% and 17.09% in 2015 and 2014 respectively, presenting a downward trend. There was no fixed rate for the exchanges to refund handling fees to each settlement member. Although the trading amount of futures had a year-on-year increase of 40.58% in 2015 and the handling fees paid to the exchanges had a year-on-year increase of 27.40%, the refund rates from the futures exchanges in the PRC decreased in 2015 as compared to the corresponding period of the last year.
- ④ The fee income from asset management business amounted to RMB3.066 million, representing a year-on-year increase of RMB2.665 million or 665%, which was mainly attributable to the increasing number of types and number of asset management plans as well as expanding scale of assets managed by the Company after the gradual expansion of asset management business. In addition, most of the asset management products were launched at the end of 2014 and began to generate management fee income since 2015. As of the end of the Reporting Period, the Company launched 23 asset management plans with RMB212 million worth AUM.
- ⑤ The fee income from warehouse receipts service amounted to RMB11.67 million, representing a year-on-year increase of RMB10.918 million or 1,451.86%, which was mainly attributable to the warehouse receipts sales contracts from Holly Capital.

2) Interest income

Interest income of the Group amounted to RMB112.7 million, representing a year-on-year increase of RMB6.214 million or 6%, which was mainly attributable to the increase in the size of customer margin, leading to the increase in interest income. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Bank deposits	96,750	86,248	10,502	12%
Futures exchanges	5,586	9,405	(3,819)	-41%
Wealth management products	5,240	5,008	232	5%
Resale agreements	1,623	3,872	(2,249)	-58%
Other interest-bearing financial assets	3,501	1,953	1,548	79%
Total	112,700	106,486	6,214	6%

Interest income is mainly attributable to: (i) the interest income from the demand and time deposits of the Company's own funds and client deposits placed in financial institutions; (ii) the interest income from the purchased principal and profit guaranteed wealth management products issued by banks; and (iii) the interest income from the resale agreements business and other financial services of Holly Capital, among which, the interest income from the other financial services of Holly Capital included warehouse receipts trading business, futures-cash trading and hedging cooperation.

Interest income increased year on year by 6% mainly because: (i) the interest income from the bank deposits increased year on year by RMB10.502 million or 12%. The overall size of customer margin increased and, accordingly, the interest income increased as a whole despite the fact that the average deposits of the Group's own capital in 2015 decreased year on year by 23% as compared to 2014 while the People's Bank of China kept on lowering deposit and lending rates, resulting in a decrease in the interest income from its own capital and interbank deposits; (ii) the interest income from the futures exchanges amounted RMB5.586 million, representing a year-on-year decrease of RMB3.819 million or 41%, which was mainly attributable to the lower interest rates of exchanges, hence the Company placed its deposits, which was originally placed in exchanges, in banks with higher interest rate as time deposits, so the interest from exchanges dropped sharply; (iii) the interest income from the wealth management products amounted to RMB5.24 million, representing a year-on-year increase of RMB0.232 million or 5%; (iv) the interest income from the resale agreements business decreased year on year by RMB2.249 million or 58%, which was mainly attributable to the sharp decrease in the relevant interest income as the resale agreements business of Holly Capital were all ended in 2015 while there was no new resale agreements; and (v) the interest income from other interest-bearing financial assets increased by RMB1.548 million or 79%, which was mainly attributable to the increase in the accounts receivable of the procurement through Holly Capital in mid-2015, resulting in an increase in the interest income generated.

2. Net investment gains

In 2015, the Group achieved net investment gains of RMB26.606 million, representing a year-on-year increase of RMB9.36 million or 54%, which was mainly attributable to the better investment gains achieved by the futures and other risk management business of the Company. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Investment gains	28,591	14,689	13,902	95%
Gain or loss on fair value changes	(2,548)	1,783	(4,331)	-243%
Dividends from securities and funds	563	774	(211)	-27%
Total	26,606	17,246	9,360	54%

1) Investment gains

Investment gains of the Group amounted to RMB28.591 million, representing a year-on-year increase of RMB13.902 million or 95%. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Disposal of financial assets at fair value through profit or loss				
– Trading securities	(2,310)	7,773	(10,083)	-130%
– Funds	177	50	127	254%
– Receivables	(192)	–	(192)	N/A
Disposal of financial liabilities at fair value through profit or loss				
– Payables	(1,919)	–	(1,919)	N/A
Disposal of derivative financial instruments	21,647	5,172	16,475	319%
Disposal of available-for-sale financial assets				
– Listed securities	4,406	585	3,821	653%
– Funds	5,418	–	5,418	N/A
– Wealth management products issued by banks	1,486	1,109	377	34%
– Asset management plan	(122)	–	(122)	N/A
Total	28,591	14,689	13,902	95%

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Proceeds from disposal of financial assets	9,177	9,517	(340)	-4%
Futures and other risk management business	19,414	5,172	14,242	275%
Total	28,591	14,689	13,902	95%

The investment gains mainly comprised proceeds from disposal of financial assets and futures and other risk management business. Their growth was relatively higher as compared to 2014 due to better gains from futures and other risk management business amounting to RMB19.414 million, representing a year-on-year increase of RMB14.242 million or 275%.

- ① Proceeds from disposal of financial assets mainly comprised proceeds from disposal of securities and funds as well as proceeds from non-principal guaranteed wealth management investment issued by banks. In 2015, the proceeds from disposal of financial assets decreased year on year by RMB0.34 million or 4%, which was mainly attributable to the decrease in gains from securities investment in 2015. Such decrease was mainly due to the strong stock market in the first half of 2015 with higher stock prices and the weak stock market in the second half of the year.
- ② The futures and other risk management business increased year on year by RMB14.242 million or 275%, which was mainly attributable to the greater fluctuations in commodity prices and launch of new types of commodities and financial futures in 2015, leading to an increase in trading volume of the futures and other risk management business of Holly Capital.

2) Gain or loss on fair value changes

Gain or loss on fair value changes of the Group amounted to -RMB2.548 million, representing a year-on-year decrease of RMB4.331 million or 243%. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Trading securities	2,949	(677)	3,626	-536%
Funds	64	98	(34)	-35%
Financial assets designated at fair value through profit or loss	1,395	(1,115)	2,510	-225%
Financial liabilities designated at fair value through profit or loss	1,250	(2,140)	3,390	-158%
Derivative financial assets	(9,745)	11,345	(21,090)	-186%
Derivative financial liabilities	1,539	(5,728)	7,267	-127%
Subtotal	(2,548)	1,783	(4,331)	-243%

3. *Other income*

In 2015, the Group achieved other income of RMB4.19 million, representing a year-on-year decrease of RMB0.176 million or 4%, which was mainly attributable to the decrease in income from government grants. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Government grants	2,500	3,154	(654)	-21%
Subsidies from exchanges	1,107	795	312	39%
Liquidated damages	-	200	(200)	-100%
Others	583	217	366	169%
Other income	4,190	4,366	(176)	-4%

1) Government grants

The government grants of the Group amounted to RMB2.5 million with a year-on-year decrease of RMB0.654 million or 21%. Government grants mainly comprised: (i) the grants of RMB0.5 million received by the Company for supporting the establishment of investment and financing platform in 2015; and (ii) the government grants of RMB2 million received by Holly Capital from the Finance Commission of Shenzhen Municipality.

2) Subsidies from exchanges

The subsidies from exchanges of the Group amounted to RMB1.107 million with a year-on-year increase of RMB0.312 million or 39%, which mainly comprised certain amount of subsidies from the exchanges to futures companies every year for encouraging them to conduct activities, including conference fees, "three-industry" activities fees and research issue fees.

4. Operating and management expenses

The operating and management expenses of the Group amounted to RMB233.362 million in 2015, representing a year-on-year increase of RMB14.776 million or 7%. Breakdown is set out in the following table:

RMB'000	2015	2014	Increase in 2015 as compared to 2014	
			Amount	%
Staff costs	115,496	104,240	11,256	11%
Office expenses	23,388	22,556	832	4%
Lease charges	23,018	25,547	(2,529)	-10%
Business tax and surcharges	10,047	9,813	234	2%
Others	61,413	56,430	4,983	9%
Total	233,362	218,586	14,776	7%

1) Staff costs

Staff costs mainly comprised salaries, bonuses and allowances, pension and other social welfare such as "5 insurances and 1 pension". In 2015, the staff costs of the Group amounted to RMB115.496 million with a year-on-year increase of RMB11.256 million or 11%, which was mainly attributable to the improvement in business development and results in 2015, leading to the increase in the relevant business performance and bonuses.

2) Office expenses

Office expenses mainly comprised office supplies fees, books, newspapers and information fees, cleaning fees, office miscellaneous fees, printing fees, recruitment fees and others. In 2015, the office expenses of the Group amounted to RMB23.388 million with a year-on-year increase of RMB0.832 million or 4%.

3) Lease charges

Lease charges mainly comprised housing rental, vehicle rental and equipment rental, among which, lease charges for housing accounted for 99% of lease charges. In 2015, the lease charges of the Group amounted to RMB23.018 million with a year-on-year decrease of RMB2.529 million or 10%, which was mainly attributable to the decrease in the floor area of branches for cutting costs of the branches.

4) Business tax and surcharges

In 2015, the business tax and surcharges of the Group amounted to RMB10.047 million with a year-on-year increase of RMB0.234 million or 2%, which was mainly attributable to the increase in the taxable income in 2015.

5) Share of losses of associates

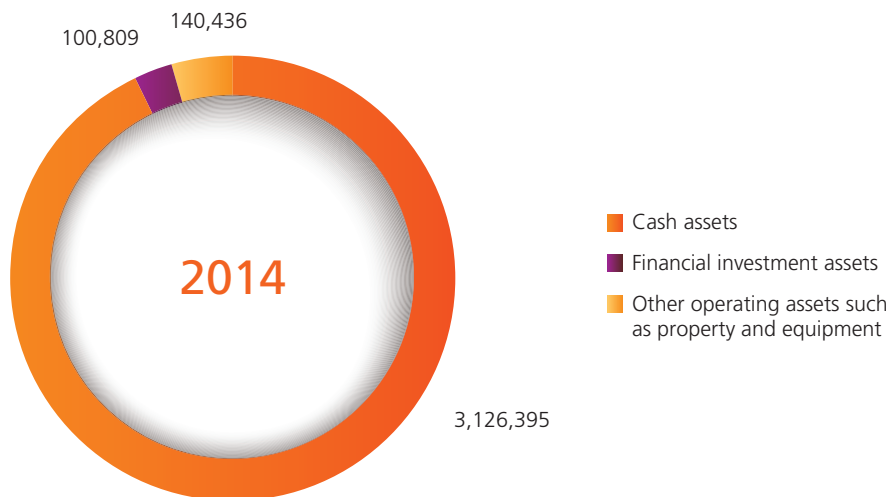
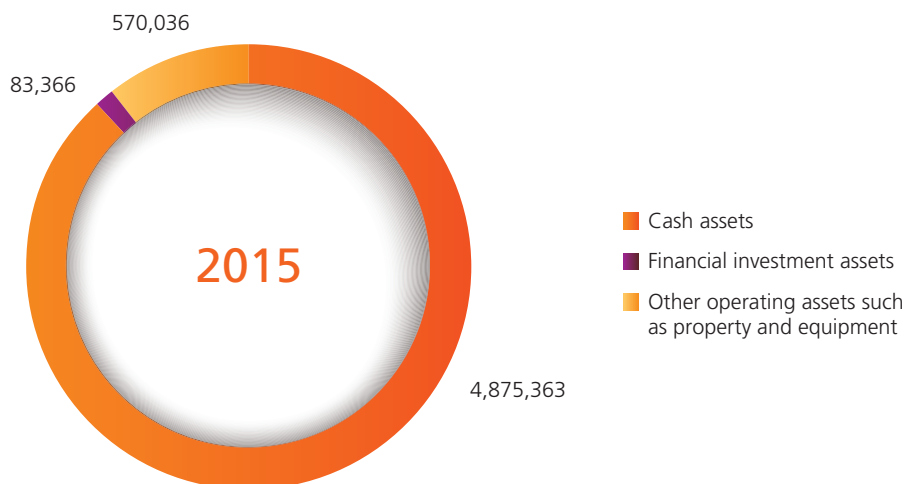
In 2015, the share of losses of associates of the Group amounted to RMB0.541 million with a year-on-year increase of RMB0.022 million or 4%, which was mainly attributable to the increase in the net losses of the associates invested by the Group.

(7) Asset Items

As at 31 December 2015, the total assets of the Group increased year on year by RMB2,161 million or 64% to RMB5,529 million, including cash assets amounting to RMB4,875 million with a year-on-year increase of 56%, financial investment assets amounting to RMB83.366 million with a year-on-year decrease of 17%, and other operating assets such as property and equipment amounting to RMB570.036 million with a year-on-year increase of 306%. The change in the total amount of principal assets of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014 Amount	%
Cash assets	4,875,363	3,126,395	1,748,968	56%
Financial investment assets	83,366	100,809	(17,443)	-17%
Other operating assets such as property and equipment	570,036	140,436	429,600	306%
Total	5,528,765	3,367,640	2,161,125	64%

The composition of the total assets of the Group:



1. Cash assets

As at 31 December 2015, the cash assets of the Group amounted to RMB4,875.363 million, accounting for 88% of the total assets of the Group, with a year-on-year increase of RMB1,748.968 million or 56%. The composition of the cash assets of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Refundable deposits	734,597	805,667	(71,070)	-9%
Cash held on behalf of clients	2,985,146	1,310,219	1,674,927	128%
Cash and bank balances	1,155,620	1,010,509	145,111	14%
Total	4,875,363	3,126,395	1,748,968	56%

The change in cash assets was mainly reflected in the cash held on behalf of clients. Cash held on behalf of clients amounted to RMB2,985.146 million, accounting for 54% of the total assets of the Group, with a year-on-year increase of RMB1,674.927 million or 128%, which was mainly attributable to the increase in the customer deposits of the Group for the year. Cash and bank balances amounted to RMB1,155.620 million, accounting for 21% of the total assets of the Group, with a year-on-year increase of RMB145.111 million or 14%.

2. Financial investment assets

As at 31 December 2015, the financial investment assets of the Group amounted to RMB83.366 million, accounting for 1.51% of the total assets of the Group, with a year-on-year decrease of RMB17.443 million or 17%. The composition of the financial investment assets of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Investment in associates	12,775	13,316	(541)	-4%
Available-for-sale financial assets	8,925	17,797	(8,872)	-50%
Financial assets held under resale agreements	–	39,678	(39,678)	-100%
Financial assets designated at fair value through profit or loss	61,372	27,603	33,769	122%
Derivative financial assets	294	2,415	(2,121)	-88%
Total	83,366	100,809	(17,443)	-17%

As of 31 December 2015, the available-for-sale financial assets of the Group amounted to RMB8.925 million, accounting for 0.16% of the total assets of the Group, with a year-on-year decrease of RMB8.872 million or 50%. The composition of the available-for-sale financial assets of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Equity instruments	5,599	10,632	(5,033)	-47%
Funds	1,000	7,165	(6,165)	-86%
Asset management plans	2,326	–	2,326	N/A
Total	8,925	17,797	(8,872)	-50%

As at 31 December 2015, the financial assets at fair value through profit or loss of the Group amounted to RMB61.372 million, accounted for 1.11% of the Group's total amount of assets, representing a year-on-year increase of RMB33.769 million or 122%. The combinations of the financial assets at fair value through profit or loss of the Group are set out in the table below:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014 Amount	%
Financial assets held for trading				
Equity instruments	16,882	3,429	13,453	392%
Funds	37,210	5,148	32,062	623%
Subtotal	54,092	8,577	45,515	531%
Financial assets at fair value through profit or loss				
Asset management plans	7,280	-	7,280	N/A
Others	-	19,026	(19,026)	-100%
Subtotal	7,280	19,026	(11,746)	-62%
Total	61,372	27,603	33,769	122%

3. Other operating assets such as property and equipment

As at 31 December 2015, the other operating assets such as property and equipment of the Group amounted to RMB570.036 million, accounting for 10.32% of the total assets of the Group, and representing a year-on-year increase of RMB429.6 million or 306%. The composition of other operating assets such as property and equipment of the Group is set out in the table below:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014 Amount	%
Property, plant and equipment	11,922	13,446	(1,524)	-11%
Goodwill	43,322	43,322	-	0%
Intangible assets	24,099	26,649	(2,550)	-10%
Deferred income tax assets	2,552	1,951	601	31%
Other current assets, non-current assets	488,141	55,068	433,073	786%
Total	570,036	140,436	429,600	306%

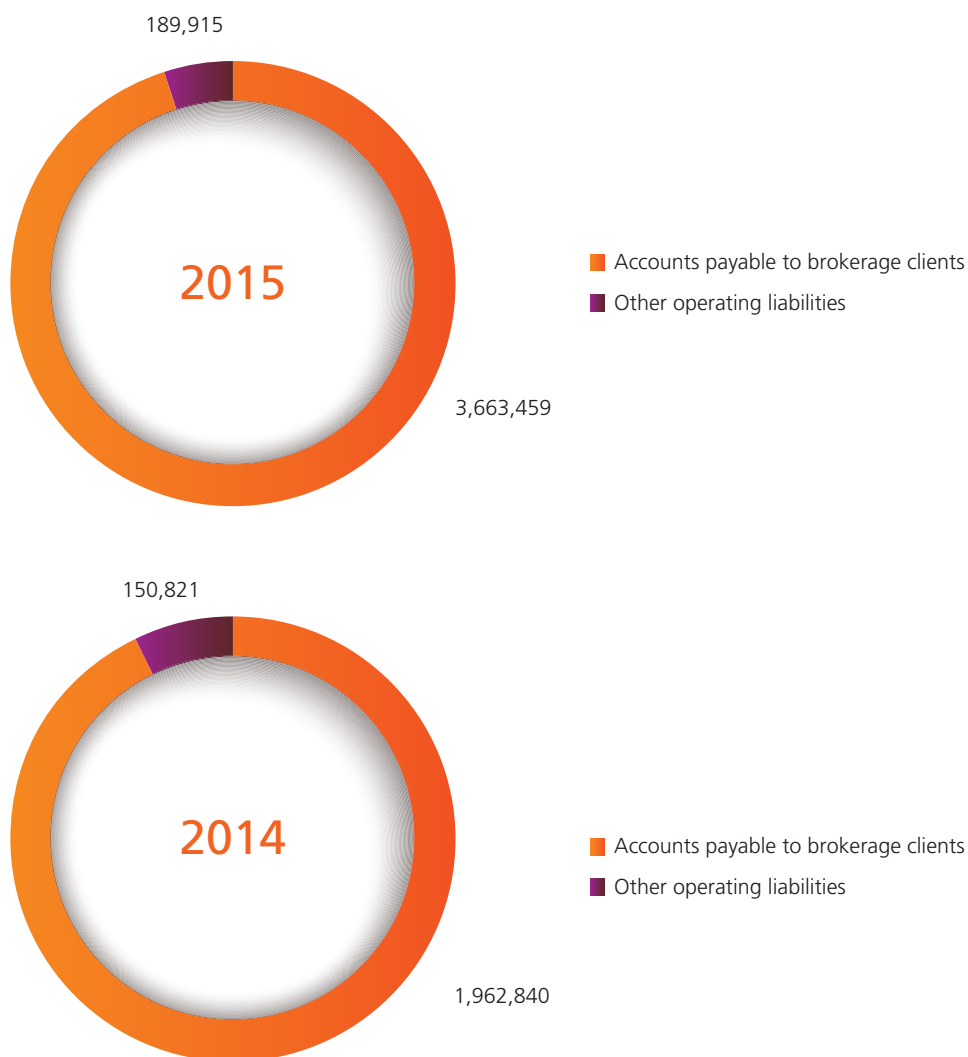
The change in other operating assets such as property and equipment was mainly reflected in other currents and non-current assets, with a year-on-year increase of RMB433.073 million or 786%, which was mainly because the Company did not receive its funds raised in the listing as at 31 December 2015, resulting in the increase in other receivables.

(8) Liabilities Items

As at 31 December 2015, the total liabilities of the Group increased year on year by RMB1,740 million or 82% to RMB3,853 million, in which accounts payable to brokerage clients amounted to RMB3,663.459 million with a year-on-year increase of 87%, which was mainly attributable to the increase in the size of deposits. The change in the total amount of principal liabilities of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014 Amount	%
Accounts payable to brokerage clients	3,663,459	1,962,840	1,700,619	87%
Other operating liabilities	189,915	150,821	39,094	26%
Total	3,853,374	2,113,661	1,739,713	82%

The composition of the total liabilities of the Group:



1. *Accounts payable to brokerage clients*

As at 31 December 2015, the accounts payable to brokerage clients of the Group amounted to RMB3,663.459 million, accounting for 95% of the total liabilities of the Group, with a year-on-year increase of RMB1,700.619 million or 87%, which was mainly attributable to the increase in the size of deposits, in which, the increase in the deposits of corporate clients was larger. The composition of the accounts payable to brokerage clients of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Domestic				
Individual clients	1,059,188	1,396,716	(337,528)	-24%
Corporate clients	2,508,696	471,252	2,037,444	432%
Overseas	95,575	94,872	703	1%
Total	3,663,459	1,962,840	1,700,619	87%

2. *Other operating liabilities*

As at 31 December 2015, the other operating liabilities of the Group amounted to RMB189.915 million, accounting for 5% of the total liabilities of the Group, with a year-on-year increase of RMB39.094 million or 26%. The composition of the other operating liabilities of the Group is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Other current liabilities	155,396	133,352	22,044	17%
Financial liabilities and derivative financial liabilities designated at fair value through profit or loss	34,090	17,066	17,024	100%
Deferred income tax liabilities	429	403	26	6%
Total	189,915	150,821	39,094	26%

The change in the other operating liabilities was mainly reflected in other current liabilities, with a year-on-year increase of RMB22.044 million or 17%, which was mainly attributable to the increase in the listing and financing fees payable to National Council for Social Security Fund as well as the listing service fees payable to various agencies for the listing of the Company, resulting in the increase in other payables.

(9) **Equity**

As at 31 December 2015, the total equity of the Group amounted to RMB1,675 million, representing a year-on-year increase of RMB421 million or 34%, which was mainly attributable to the increase in equity of RMB421 million from the net proceeds raised by the listing of H Shares of the Company as well as the increase in the Group's profit. The composition of the equity of the Group as of the dates indicated is set out as follows:

RMB'000	As at 31 December 2015	As at 31 December 2014	Increase as at 31 December 2015 as compared to 31 December 2014	
			Amount	%
Share capital	907,000	680,000	227,000	33%
Reserve	768,391	573,979	194,412	34%
Total equity	1,675,391	1,253,979	421,412	34%

(10) **Contingent liability and assets pledge**

As at 31 December 2015, the Group had no asset pledge or contingent liabilities.

IV. Changes in branches and subsidiaries and impact on results

(1) Branches

1. Establishment of and changes in operation branches

(1) *Newly established futures branches*

During the Reporting Period, the Company did not establish new futures branches.

(2) *Relocation*

The Company constantly adjusted and optimized its branch network. During the Reporting Period, 16 branches, namely the branches at Ningbo, Zhangzhou, Dalian, Suzhou, Wuxi Zhongshan Road, Hefei, Xuzhou, Zhenjiang, Xian, Jinan, Suqian, Lianyungang, Taiyuan, Wuhu, Shenzhen and Xiamen, were relocated.

(3) *Establishment of branch offices*

Nil.

(2) Subsidiaries

On 21 August 2015, the registered capital of Holly Capital increased from RMB100 million to RMB150 million.

On 30 September 2015, the acquisition of Holly Su Futures was completed. The capital contribution was HK\$28.0753 million.

(3) Impact on results

The capital increase of Holly Capital enhanced its capital strength and, in turn, consolidated its core competitiveness. Leveraging its business model in relation to the futures and spot businesses, cooperative hedging and warehouse receipts service, Holly Capital worked closely with customers in key industries and achieved outstanding performance in business scale and profitability. In 2015, Holly Capital recorded operating income of RMB32.63 million, total expenses of RMB11.24 million and profit before taxation of RMB21.39 million, representing a year on year increase of 128%.

The completion of acquisition of Holly Su Futures facilitated the steady profit growth of innovative business and allowed the Company to develop a business model and accumulate customer service experience for the international business. In 2015, Holly Su Futures achieved steadily improving operating results as it recorded operating income of RMB3.36 million, representing a year-on-year increase of 52%.

V. Major investment and financing

(1) Equity financing

On 6 February 2015, the resolutions in relation to the listing of H Shares of the Company were passed at the 2015 first extraordinary general meeting. As approved by the CSRC, the Company was listed on the Main Board of the Hong Kong Stock Exchange on 30 December 2015, and a total of 249,700,000 H Shares were issued under the global offering with an offer price of HK\$2.43 per share, raising proceeds of HK\$607 million.

(2) Debt financing

Nil.

(3) Equity investments

On 21 August 2015, the Company contributed capital of RMB50.0 million into Holly Capital. RMB50.0 million was contributed in monetary funds in full during the Reporting Period.

On 30 September 2015, the Company as the transferee completed the transfer of the entire equity interest in Holly Su Futures with a capital contribution of HK\$28.0753 million.

VI. Disposal, Acquisition, Substitution and Spin-off of Material Assets of the Company, and Reorganization of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2015, save as disclosed in the Prospectus, the Company has no material acquisition or disposal of subsidiaries, associates and joint ventures.

VII. Business innovation and its impact and risk control

(1) Business innovation and its impact

The Company has set priority on business innovation as a key to strategic development. It continued to research on and explore ways of business innovation during the Reporting Period.

1. Continuous innovation in traditional business

(1) *Taking opportunities from "Internet Plus" to actively construct the online platform of the brokerage business*

As a new business trend, "Internet Plus" provides opportunities for the Company to pursue innovation, with a view to achieving differentiated, professional and specialized development. On 10 July 2015, the Company officially launched the online account opening cloud platform. As at the end of the Reporting Period, new accounts opened on PC platform reached 1,600. The account opening platform for mobile devices was also put into trial run on 18 December 2015. Meanwhile, the Company set up online expert column to conduct face-to-face interaction with customers so as to provide service to and facilitate communication with customers without boundaries.

(2) *Asset management business stepping up to a new level through organizational innovation*

New opportunities are available to the Company as a great time for the asset management industry has come. Accordingly, the Company adjusted its organizational structure by setting up the Transaction Investment Department and the Operation Department under the asset management center. In addition, it set up the Wealth Management Department and Product Design Department under the newly established Wealth Management Center. Apart from the Operation Department, other departments also rationalized and revised the duties and standard of evaluation with reference to the market positioning. The Company enhanced the competitiveness of the asset management business through organizational innovation.

(3) *Risk management business achieved outstanding results through enhancing capital strengths*

In order to promote economies of scale, the Company contributed capital of RMB50.0 million into Holly Capital during the year and increased its registered capital to RMB150 million. In terms of business operation, Holly Capital focused on coke and coking coal while participating in futures and spot businesses, cooperative hedging and warehouse receipts services. It worked closely with customers in key industries and attained significant improvements in terms of business scale and profitability. As a result, sales revenue and profit of Holly Capital for the year both experienced year on year growth of more than 100%. The long-term commodity trading business model of the Company was nominated as "Finance Innovation Project" of Jiangsu Province in 2015.

2. Active preparation for new business

(1) *New journey of the stock options business began*

The successful listing of Shanghai 50ETF option marked the beginning of the development of the option market in China. After nearly a year of preparation, the Company passed the stock option on-site inspection of the Shanghai Stock Exchange, obtained clearing participant qualification from the China Securities Depository and Clearing Corporation Limited (CSDC) and officially became a participant in stock option trading at the Shanghai Stock Exchange on 18 November 2015. It then finished testing its stock option system on 25 December 2015 and rolled out the stock option brokerage service. By participating in the option business, the Company further expanded its scope of business and diversified its product lines. Meanwhile, it also accelerated the exploration to the over-the-counter option business and the development of the market maker strategy. It has finished designing the over-the-counter option products for certain futures products and began to provide quotation service to the market.

(2) *Obtaining qualification for sales of securities investment funds*

The Company sought to obtain approval for the funds sales business. In early December 2015, it passed the on-site inspection of the Jiangsu Securities Bureau and obtained a reply granting the qualification for sales of securities investment funds on 29 December 2015. Upon obtaining the qualification, the Company had the opportunity to offer more various wealth management products including funds and other products so as to promote the transformation towards an integrated financial service platform. At the same time, the Company actively prepared for the setting up of a fund management company.

(3) *Completion of filing for entering the interbank market*

In November 2015, the Company completed the filing to the People's Bank of China in relation to the national inter-bank bond market. The Company may enter and conduct investment business in the inter-bank market with its own capital, which, in turn, will expand its investment scope and boost the investment performance of its financial assets, thereby facilitating capital protection and appreciation.

(2) Risk control of innovative business

1. **Enhancing prior system construction and staff training**

The Company strived to enhance the internal control procedures with a focus on risk prevention. Prior to commencement of new business, the Company would formulate a self-contained complementary system and the relevant terms for contracts as standards of business operation. At the same time, it would recruit suitable talents with reference to the business nature and enhance staff training.

2. **Strengthening on-going monitoring**

The Company strengthened on-going monitoring to facilitate risk control. It monitored risk control on real time basis and established the "Chinese Wall" to contain business risk.

3. **Implementing post-inspection**

The Company combined self-inspection and accountability system. It set up a dedicated team for risk inspection, which was responsible for rationalizing and inspecting innovative business. The team formulated solutions for each of the issues identified and supervised the implementation of rectification measures, thereby effectively minimizing risks.

(3) Prospects

The Company seeks further breakthrough in business innovation in 2016. It will expand both the online and offline "platforms" with a focus on the "four centers", namely the brokerage business, risk management, wealth management and asset management. The Company aims at transforming from traditional channel-based operation into comprehensive financial services operation.

1. **Risk management business**

The Company will explore the potential in its operation. As a transaction platform, Holly Capital will aim at serving the real economy, in particular small, micro and medium-sized enterprises as well as agricultural enterprises, while developing new business model. The Company will foster closer cooperation with Holly Futures in the pursuit of sustainable development of the principal business of futures. Meanwhile, it will explore on setting up Holly Capital (Hong Kong) Co., Ltd. for the purpose of promoting overseas development. The Company will research on the market making business so as to further develop, upgrade and expand the risk management business, as the Company sees it as the key to provide customized service to brick-and-mortar companies and cater for the specific needs of various customers.

2. Asset management business and wealth management business

The Company will accelerate the development of the futures asset management business and wealth management business. Focusing on the development of the wealth management business that centers on its proprietary trading team and leveraging the competitiveness advantages from being the expert in the derivatives market, the Company will offer asset management service for customers with different risk appetite and investment return target. The Company will identify and establish a pool of quality investment consultants through its branch network. The steady transformation from channel-based business into comprehensive wealth management service will improve the revenue and profit structure of the asset management business through product innovation while ensuring its sustainable development. Furthermore, the Company will also foster closer cooperation with financial institutions such as banks, dealers, funds and trusts companies.

3. Promoting establishment of fund management limited company

The fund management company will leverage the economic development of Jiangsu, the listing status of the Company and its massive clientele of high net worth individuals to develop different investment portfolios with exposure to a wide range of financial derivatives. It will also design diverse products that have hedging and arbitraging features, and provide integrated services of bonds, stocks and derivatives in the market of hedging products.

4. Actively promoting stock option business

The Company will actively develop its options business by product diversification. It aims at enhancing the capability of the risk management business and establishing itself as the leading player in the business of stock option. Furthermore, the Company will also explore the transaction of derivatives and provide customized risk management service such as quotation and product design services to brick-and-mortar companies through over-the-counter stock options.

5. Internationalization

The Company is eager to tap into the international market, with a view to achieving balanced development of business both within and outside the PRC to push forward its internationalization. Meanwhile, Holly Su Futures will increase its registered capital and apply for additional business licenses in due course to cater for customers' needs for cross-border investment. To further boost service capability and cut transaction cost, the Company also seeks to set up overseas branches in leading international markets and establish an integrated overseas platform to provide all-round services covering all time zones and product types.

VIII. Risk Factors and Uncertainties Facing by the Company and Its Risk Strategy

The risks the Company faces in its business activities mainly include operation risk, compliance risk, market risk, credit risk and investment risk. In 2015, the Company adopted effective measures to deal with the risks proactively, thereby safeguarding the safety and high efficiency of the business activities.

(1) Operation Risk

Operation risk refers to the risks resulting from improper operation in transactional processes and is one of the major risks of futures companies, namely,

1. System Disaster Risk. Currently, the trading mode of futures companies is generally centralized electronic trading and the impact of the trading environment on business has become greater and greater and if any disastrous incidents such as fire, flooding, earthquake and blackouts occur, all preventive measures based on local back-ups cannot warrant the completeness and continuity of the trading data, especially when the engine room of a futures company is damaged by fire, flooding, earthquake, lightning or thunders. It will take at least half a month to resume the service of the system and this is disastrous to a futures brokerage company. The Company has increased its input on the construction of the trading disaster back-up system to elevate its own risk resistance capability to a new level.
2. Hacking and virus risks. In the era of network economy, most futures brokerage companies have provided online trading services which account for a greater and greater share of their business. Therefore, developing online trading vigorously and at the same time preventing hacking and the spread of virus have always been the subject of futures companies. At the corporate level, though hacking and the spread of virus can be prevented effectively, this kind of problems may still exist on the part of the customers. Customers may have disputes with futures companies in trading due to hackers' attacks on or infection of virus of their own computers.

In order to strengthen the preventive measures to deal with the operation risk, the Company has increased its input on technology to construct three kinds of engine room of the industry and set up the disaster back-up system in different places and in the same city while strengthening daily technical operation and maintenance work to prevent the operation risk effectively.

(2) Compliance Risk

Compliance risk refers to any legal sanctions, prosecutions, litigation claims, penalties, financial loss as well as damage to the reputation of the Company as a result of the failure to comply with the rules and regulations, the requirements of supervisory authorities or agencies, the self-discipline code of conduct, or any guidelines concerning the futures brokerage business of the Company. The major compliance risk concerns (i) the employees of the Company and (ii) introducing brokers.

The compliance risk posed by employees includes managing customers' assets, opening accounts and trading on behalf of customers without their consent or authorization. The risk largely stems from the low integrity level of individual staff members who cannot resist the temptation of the market, resulting in those staff members managing customers' finance in violation of rules and regulations, or opening accounts on their own accord to trade. Compliance risk is one of the new major market risks. Only through improving technical risk control measures can futures companies play the role of risk escape channel and at the same time curb compliance risk partially.

Currently, the Company is screening and shielding the trading terminals of the personnel's computers through technical measures and has effectively prevented staff members from accepting customers' instructions in the business premises to manage their assets on their behalf improperly and from opening accounts on their own accord to trade. Against the compliance risk posed by staff members, the Company has begun the strengthening of the internal system and established the mechanism of accountability. Through joint problem shooting by related departments, the risk of staff members opening accounts to trade will be eliminated at source and at the same time, through strengthening the training and education of staff members, their compliance awareness will become stronger, which will avoid the occurrence of such risk. The Company re-iterates the importance of compliance by providing regular seminars and training to employees.

In relation to Introducing Brokers, the Company's compliance risk comes from: (i) Introducing Brokers concealing their identity of Introducing Brokers and representing to related customers that they are the employees of the Company and do something in violation of the rules and regulations and (ii) Introducing Brokers infringing customers' interests, accepting instructions from customers privately to manage their finance and engaging in futures trading without customers' consent in order to earn more commission from futures trading.

In respect of the introductory brokerage business, the Company has strictly monitored the account opening procedures, strengthened the management of futures brokerage contracts to eliminate all account openings in violation of the rules and regulations. Furthermore, investors will be informed of their rights and interests through re-visits and their signed confirmation of the Company's bills. At the same time, the risk posed by the intermediary business will be avoided through the continuous strengthening of the management and risk education of the intermediaries and the strict enforcement of related rules and regulations and the intermediary management system.

(3) Market Risk

Market risk refers to the possibility of loss or decrease in income resulting from keen competition in the investment industry or change in the market such as changes in interest rates or economic cycle.

There are three reasons as to why the futures market is a high risk market. Firstly, owing to centralized dealings and continuous price fluctuations, it is possible for price fluctuations that build up over a long period to occur in the futures market in a very short period of time, meaning that a sudden and major fluctuation in the prices can trigger an enormous market risk. Secondly, the margin system of the futures market makes futures a highly leveraged financial derivative product. Margin is not only the first essential element in the management of market risk, but also a cause triggering market risk. Thirdly, the futures market allows speculators to enter, thus increasing further uncertainty and risk in the market.

Since there is a large number of futures companies, the price war of handling charges has become fierce year after year for traditional brokerage business whose development prospect is not optimistic. Meanwhile, investors enter the futures market without adequate investment experience and skills nor good risk control capability but simply emphasize speculative trading and neglect risk control, or have to be forced to terminate trading as a result of their own factors being influenced by the economic environment. The combined effect of various factors has resulted in futures companies facing the material risk of customers incurring losses in trading.

To address this kind of risk, the risk control department of the Company, through close tracking of the market trend, has monitored market fluctuations, reasonably adjusted investors' margin standards, strengthened the monitoring of risk indicators such as the change to position holding and the level of margin, adopted actions to liquidate the customers' position through raising the amount of margin timely and regulated investors' trading behavior according to relevant rules and regulations. The Company has also exerted greater force on monitoring the daily trading, especially the unusual trading behavior of less favored commodities and contracts, discovered, reported and dealt with straddling buy and sell positions in time and strengthened the education of customers to remind investors to take risk management well so as to prevent the inherent risks to them as a result of their failure to understand the related rules and weak risk prevention consciousness.

(4) Credit Risk

When futures brokerage companies engage in futures trading on behalf of their customers, they would incur losses if their customers are unable or refuse to fulfill their contractual obligations. There are two kinds of credit risk from customers. The first one is the inability of corporate customers to fulfill their contractual obligations due to change of legal persons, change in ownership, poor business performance and other force majeure events. The second kind of credit risk comes from the turbulence in the futures market, resulting in great price fluctuations and also in some customers not being able to fulfill their contractual obligations.

In order to control credit risk, the Company will control the account opening process strictly. The Company will assess the identity and creditworthiness of each new customer, and the adequacy of the funds that they will be using in the futures trading. The Company will also conduct necessary training and examinations to ensure that the customers understand the risks involved in future trading adequately and will provide them with training on transaction skills so as to reduce the likelihood of a massive loss.

(5) Investment Risk

Investment risk refers to the risk of loss or decrease in the investment income of the Company resulting from the investment on developing the business of the Company. Specifically, it refers to the following risks:

- (a) Investment target risk: It refers to the uncertainties in the growth and development of the investment target, including but not limited to technical risk, operation risk and financial risk;
- (b) Investment analysis risk: It refers to the risk of loss resulting from incorrect or incomplete due diligence conducted in an investment project;
- (c) Investment decision-making risk: It refers to the risk of loss resulting from an imperfect decision-making process and bias before any decision-making;
- (d) Project management risk: It refers to the risk resulting from insufficient supervision or improper management after investment and failure to discover and exercise control of the problems in an investment project in a timely manner;
- (e) Project exit risk: It refers to the risk resulting from exit from an investment project with losses or inability to exit from an investment project.

The Company will formulate comprehensive procedures for approval and supervision of investment projects through authorities such as the Investment Decision Committee, general manager meetings, Board meetings, general meetings, in order to minimize investment risk. The Company will take reasonable steps in carrying out investment and enter into comprehensive investment agreement to protect the legal rights of the Company.

IX. Constructing the Risk Management System of Company

The objective of risk management of the Company is to implement a comprehensive risk management system to ensure the business operation of the Company complies with the relevant rules and regulations, and limit the risk related to the business operation to a tolerable level, thereby maximizing the corporate value of the Company. The CSRC has rated the Company the "Class A of the A Category" for the past seven consecutive years since 2009 when the rating of futures companies was first introduced.

(1) Risk Management Principles

The Company values the importance of the risk management system, which is established to achieve the following business goal:

1. Preventing operation, compliance, market and credit risks;
2. Ensuring the safety and integrity of the assets of the Company' customers and the Company's own assets;
3. Ensuring the reliability, completeness and timeliness of the business records, financial records and other information of the Company; and
4. Enhancing the operation efficiency and the efficiency in future business development of the Company.

The risk management and internal control system of the Company has been designed based on the following principles:

1. **Comprehensiveness:** The Company has developed a comprehensive and unified risk management system which covers the entire process of the Company's business and the various processes of different departments and individual employees permeating through decision-making, execution, supervision and evaluation. Each department and individual employee must have a clearly defined role and responsibility in the risk management process.
2. **Sustainability:** The Company takes the initiative in actively setting risk management objectives and implementing risk management measures with proper supervision and evaluation on a sustainable basis.
3. **Independency:** The Audit and Legal Department operates independently from other departments in inspecting, assessing and monitoring various risks applicable to the Company on a regular basis.
4. **Effectiveness:** Risk management should be in proportion to the scale of the Company's business, scope of business as well as actual circumstances and unite with the efficacy of actual delivered results, so as to realize the risk management objectives of the Company in a cost and time efficient manner.

The Company has established an internal structure and designed the business process for the purpose of segregating the powers of decision-making department, execution department and inspection and evaluation department and implemented check and balance among these departments.

(2) Risk Management System

The organization structure of risk management of the Company is illustrated below:



There are four management levels in risk management of the Company, namely, the Board, the Risk Management Committee, the Chief Risk Officer and the officers responsible for risk management of each business department.

The Board is responsible for setting the strategic objectives of risk management, fulfilling the values of risk management, appointing and removing the Chief Risk Officer, evaluating and approving risk management policies, ensuring the implementation of risk management systems and providing feedback on the effectiveness of risk management systems.

The Risk Management Committee of the Company is responsible for: (i) reviewing the risk management strategies of the Company, including the goals, risk tolerance and plans for managing and resolving material risks; (ii) analyzing and evaluating the risk profiles and the overall risk management of the Company; (iii) making suggestions and proposals in enhancing risk management of the Company; and (iv) supervising the implementation of the risk control system in the aspects of application of fund, marketing, operation and compliance. As at the end of the Reporting Period, the Risk Management Committee of the Company has four members with an average of approximately six years of experience in the futures industry, and three of them have master or higher degrees and one of them is a senior accountant. The Risk Management Committee of the Company is led by Mr. Li Xindan, who is one of the independent non-executive Directors.

The Chief Risk Officer of the Company is responsible for ensuring the effective implementation of the internal policies of the Company and compliance with the business policy of the Company; evaluating and advising on the risks and compliance by the management of the Company in and as regards the major decisions making and main business activities of the Company; inspecting and investigating possible regulatory violations and risk concerns in the operation of the Company, reporting to the Board, the Shareholders and the regulatory authority independently on any non-compliance and enhancing the risk management of the Company through training, inspection and supervision. Mr. Jia Guorong is the Chief Risk Officer and has approximately 16 years of experience in the financial industry.

Officers in each business department responsible for risk management shall be responsible for implementing the risk management policies.

X. Industry Competition, Market Position and Core Competitiveness

(1) Industry competition

With the promulgation and implementation of Several Opinions on Further Promoting the Healthy Development of the Capital Market (《關於進一步促進資本市場健康發展的若干意見》) by the State Council and The Opinions on Further Promoting the Innovative Development of the Futures Companies (《關於進一步推進期貨經營機構創新發展的意見》) by the CSRC, the futures industry is facing new development opportunities. Regulatory authorities have also changed the positioning of futures companies from “futures operating institutions” to “futures and derivatives service providers”, and began to treat futures companies as general financial institutions, therefore giving permission to futures companies to engage in more businesses. Commodity and financial futures derivatives coordinated development, spot-futures integration, inside and outside exchange interaction, and domestic and international collaboration are expected to become the industry trends.

Brokerage: There was a significant growth in trading volume in 2015 with an accumulated volume of 3.578 billion lots and an accumulated turnover of RMB554.23 trillion for the national futures market, representing year-on-year increase of 42.78% and 89.81% respectively. However, with the development of the internet business, there was increasing competition among futures companies in handling charges.

Asset Management: As at the end of December 2015, there was a total of 123 futures companies qualified for asset management business, which together offered 3,478 asset management products in an amount of RMB106.374 billion with the industry's asset management income amounted to RMB402 million, representing an increase of 194%, 890.26% and 362.07% respectively compared to 2014.

Risk Management: As at 31 December 2015, there were 51 risk management subsidiaries established in the industry with total assets of RMB11.348 billion, net assets of RMB5.121 billion, accumulated operating income of RMB37.467 billion.

At the same time, futures companies used a variety of methods to replenish their capital strength. As of 31 December 2015, 3 companies applied for domestic public offering, 2 companies applied for H share offering, 28 companies applied for New Third Board listing, while 14 companies borrowed subordinated debt, 14 companies issued subordinated bonds, 20 companies' shareholders increased their share capital investment.

(2) Market position

In 2015, the Company continued to maintain a development edge. Leveraging the advantages of network distribution and fully integrating with Internet services, the Company consolidated the traditional business. In 2015, the turnover was RMB5,306.305 billion, accounting for approximately 0.48% of the national market share. At the same time, the Company actively developed innovative business with significant growth in risk management and asset management business.

In 2015, the Company has been rated “Class A of the A Category” for seven consecutive years, and was the only company in the industry to receive the title of National Civilized Unit.

(3) Core competitiveness

1. *The Company provides customers with whole process and whole industry chain services involving futures to enhance customer service.*

The Company currently engages in brokerage, investment consulting, asset management, risk management and other businesses, and is a General Clearing Member of the China Financial Futures Exchange. The Company has incorporated a wholly owned risk management subsidiary, Holly Capital Management Co., Ltd., in Qianhai, Shenzhen to promote the organic integration of the spot and futures markets. The Company has completed the acquisition of Hong Su Futures (Hong Kong) Co., Ltd. to provide investors with global futures services across time zones. The Company will consolidate and expand the whole business model from spot to futures, from domestic to overseas, from on-board to off-board, and from off-line to on-line.

- 2. The Company focuses on professional research to provide expertise research reports of every kind and of different risk preferences.*

The Company has established the industry's only national post-doctoral research center, pioneering in the industry's innovation in talent training mechanism, which received several provincial and municipal awards. The three research institutes set up by the Company, namely the Finance Research Institute, Agricultural Products Research Institute and Industrial Products Research Institute, have remarkable expertise in several business lines and products. Boosting outstanding researchers in the industry, the institutes have won the title of Top Ten Investment Research Team several times awarded by the China Financial Futures Exchange.

- 3. Strategy of a widely distributed network of futures business departments.*

The Company has 43 futures business departments across China, including 17 in Jiangsu Province and 26 in other cities (such as Beijing, Shanghai and Shenzhen). In addition, Holly Su Futures cooperates with three overseas brokerage companies to provide futures brokerage services to the world's major futures exchanges. The Company believes that the advantageous position of the futures business network enables the Company to acquire high-end customers in developed regions, while rapid economic growth in the developing regions and urbanization also provide the Company with a steady stream of customers. The Company believes that the outlet coverage strategy allows the Company to provide customers with convenient services, therefore further enhancing the Company's brand awareness and improving customer loyalty.

- 4. As a service provider for online futures trading, the Company provides customers with an efficient and stable trading platform for conducting real-time transactions, which is the key to ensure the success of the Company and to maintain competitiveness.*

The Company has the industry's most advanced information technology systems. The Company's headquarters information technology unit, Shanghai data center and Nanjing Hexi data center together form a "two-location, three-center" system structure, providing daily data backup of the transactions in the online trading platform. Breakdowns of any particular servers containing the core database will not cause interruption of services provided by the Company. The Company believes that the ability to maintain a stable trading platform is the key factor to build and maintain customer loyalty and in attracting new customers.

- 5. Benefitted from the strong economic position of Jiangsu Province.*

The Company is headquartered, and has a strong presence, in Jiangsu Province with 17 of its 43 futures branches operating in Jiangsu Province. Located in the eastern coast area of China, Jiangsu Province is one of the most developed provinces in China. The Company believes that, its leading position in Jiangsu Province and development experience will help attracting customers in various regions.

- 6. Strong customer service capabilities.*

The Company provides strong customer service support to clients through the sales and service team. By providing customer service, the Company is able to boost customer loyalty and facilitate its expansion and smooth operation in China.

- 7. Experienced and stable senior management team.*

The Company has a stable and experienced senior management team which has on average about 13 years of experience in the futures industry. The Company believes that the strong, experienced senior management team is the key to realize its future growth strategies.

- 8. The Company is an influential branded futures company.*

The Company is in the committee of the China Futures Association and the president unit of Jiangsu Futures Association. Moreover, it was awarded "National Civilized Unit", "Best Civilized Unit in Jiangsu Province" and "The Civilized Unit of Jiangsu Province". The Company is also the only futures company in the industry to be recognized as "National Civilized Unit".

XI. Prospects

In recent years, the related departments of the PRC government have launched several innovative development policies and measures with respect to the futures market. The PRC futures market will maintain good development. On the one hand, the existing products will be constantly improved and their ability to serve the economy is significantly higher. On the other hand, some futures commodities and financial futures regarding government policies and the people's living will be launched to the market or their studies will accelerate, which will continue to increase the breadth of the futures market. It is expected the PRC futures market will maintain steady growth.

Looking forward, the Company will actively seize the opportunities arising from the important opportunity period when the domestic futures market rapidly develops by capitalizing on its favorable conditions as a Hong Kong listed company. It will also deepen the integration of its internal resources to facilitate the sustainable growth of the businesses of the Company. On the one hand, the Company will consolidate and enhance the core competitiveness of its existing businesses. On the other hand, the Company will make every effort to promote the market share of its new businesses, thus achieving the coordinated "Futures and Spot, Over-the-counter and On-the-exchange and Global and Domestic" development to establish the Group as an integrated financial conglomerate principally engaged in futures and derivative-related services.

XII. Business Overview

Key Financial Ratio

	2015	2014
Net assets per Share attributable to shareholders of the Company (RMB/share)	1.85	1.84

The Group's net assets per Share attributable to shareholders of the Company increased in 2015, which was mainly attributable to the listing of the Company on the Hong Kong Stock Exchange in 2015 and the growth in business and profit.

Gearing Ratio

	2015	2014
Gearing ratio (%) ^{Note}	10%	11%

Note: Gearing ratio = (Total liabilities – client deposit payables)/(Total assets – client deposit payables)

Gearing ratio of the Group decreased slightly during the year, which was mainly attributable to the increase in total assets of the Company as a result of the proceeds from the listing of the Company on the Hong Kong Stock Exchange in 2015.

Weighted average return on net assets

	2015	2014
Weighted average return on net assets	4.79%	4.67%

Weighted average return on net assets of the Group slightly increased in 2015, which was mainly attributable to the growth in business and profit of the Company in 2015.

Corporate Social Responsibility

Excellent Working Environment

Staff is the Company's valuable assets and the foundation of its survival and development. The Company treats all employees with fairness and respect. Adhering to the strategic goal of becoming a "people-oriented and talent-based corporation", the Company keeps expanding its recruitment channels while optimising the training system and deployment of staff. The Company pays close attention to the interest of staff and puts in efforts to build a corporate culture that creates a harmonious and healthy atmosphere.

The Company emphasises on efficiency and fairness when establishing the comprehensive performance-based assessment system.

The Company provides and maintains statutory benefits for employees in accordance with the requirements under the laws, regulations and relevant policies in Hong Kong and the PRC, including but not limited to provident fund, basic medical insurance, pension insurance, maternity insurance, job-related injury insurance and unemployment insurance. Employees are also entitled to day-offs on public holidays, marriage leave, funeral leave and maternity leave.

For years, the Group supports its staff in self-enhancement by organising training courses and seminars, with a view to enhance their professional capability.

Environmental Protection

The Company aims to minimize the impact of our activities on the environment and will remind our staff to follow the same principle. The Company adheres to the approach of low carbon, emission reduction, energy saving and environmentally friendly in business management. It has adopted the following measures:

- (1) encourage staff to print on two sides of papers;
- (2) remind staff to reduce waste production when printing and photocopying documents;
- (3) encourage staff to turn off lights when leaving, so as to reduce unnecessary lightings.

Compliance with Relevant Laws and Regulations

The Group has adopted internal control to monitor the continuous compliance with relevant laws and regulations. During the Reporting Period, the Company did not violate any laws or regulations that resulted in material effect on the business of the Group.

Key Relationships with Employees, Customers and Suppliers

The Group maintains good relationships with existing and potential customers, so as to better understand the market trends and fulfil the diverse needs and requirement of individual and corporate customers more effectively. As a result, the Group is able to take up cooperation opportunities with customers and timely adjust its operating and development strategies. Given its business nature, the Company has no major suppliers.

XIII. Event subsequent to the Reporting Period

(I) Subsequent investment and financing of the Company

The Company convened the twenty-fifth meeting of the first session of the Board and the third meeting of the second session of the Board on 10 August 2015 and 15 February 2016 respectively, for the consideration and approval of the resolutions in relation to the establishment of a fund management company by external investments of Holly Futures Co., Ltd. and the change of the shareholders of the Holly Fund Management Co., Ltd. The Company will utilise its own funds amounting to RMB42.0 million in 2016 to establish the Holly Fund Management Co., Ltd. ("Holly Fund") with Jiangsu Yuanjin Investment Group Co., Ltd., Mr. Zhang Yuebo and Jiangsu Coast Development Group Co., Ltd.. The proposed total investment in Holly Fund amounts to RMB120 million and the Company is the first major shareholder, holding 35% of its equity interest.

(II) Subsequent investment and financing of subsidiaries

On 7 March 2016, Holly Capital subscribed the wealth management product (LI DUO DUO Corporate Wealth Management Product -Cash Management No. 2) from SPDB by utilising its own funds amounting RMB100,000,000. The products is a non-principal-guaranteed floating return product and can be subscribed up to 31 December 2016, Details of which are set out in the announcement of the Company dated 8 March 2016.

The details of the events subsequent to the Reporting Period are set out in Note 43 to the consolidated financial statements.

Report of the Board of Directors

The Directors of the Company are pleased to present their first annual report together with the audited combined financial statements (the "Financial Statements") of the Company for the year ended 31 December 2015 since the listing of the shares of the Company on the Hong Kong Stock Exchange on 30 December 2015 (the "Listing").

I. The principal business lines of the Company

As set out in Section VI "2. Business review" of this report.

II. Business overview

As set out in Section VI "Management Discussion and Analysis" of this report.

III. Event subsequent to the Reporting Period and prospects of the Company

As set out in Section VI "XI. Prospects" and "XIII. Event subsequent to the Reporting Period" of this report.

IV. Profit distribution and profit distribution plan

The audit institution confirmed through audit in accordance with the accounting standards of the PRC that, the Company generated net profit of RMB54,312,697.38 for 2015. According to relevant regulations such as the Company Law, Securities Law, Financial Rules for Financial Enterprises and Articles of Association, and Proposal on Distribution Plan of Accumulated Profits before Issue of H Shares of Holly Futures Co., Ltd. (《關於弘業期貨股份有限公司發行H股之前滾存利潤分配方案的議案》) (which stipulated that "the proceeds from the current issue of H Shares and accumulated undistributed profits before listing shall be shared by existing and new shareholders in proportion to their shareholding after H Shares are offered") considered and passed at the 2015 first extraordinary general meeting, the Company plans to distribute its undistributed profits in 2015 according to the following order: 1. Withdraw 10% of such sum as statutory surplus reserve, amounting RMB5,431,269.74; 2. Withdraw 10% as general risk reserve, amounting RMB5,431,269.74; 3. After deducting the above two items, the net profit of the Company in 2015 was RMB43,450,157.90, and the undistributed profit at the beginning of the year was RMB43,231,188.72, hence the accumulated distributable profits for 2015 was RMB52,681,346.62 (excluding the distributed profit of RMB34,000,000 for last year).

In view of the long-term development and interests of investors, the Company made the following profit distribution plan: distribution of cash final dividend for the year ended 31 December 2015 of RMB0.05 per share (tax inclusive) to shareholders whose names appeared on the register of members on the equity registration date of the distribution of cash dividend for 2015, namely Saturday, 11 June 2016. The aggregate amount will be RMB45,350,000. The proposed dividend represents approximately 83.50% of profit attributable to equity holders of the Company for the year. The proposed final dividend is subject to approval at the 2015 annual general meeting of the Company. The final dividend of the Company will be paid on 22 July 2016 (Friday). The dividend payable to holders of Domestic Shares of the Company will be in RMB while those payable to holders of H Shares of the Company will be in Hong Kong Dollars.

V. Issue of Shares and use of proceeds

Use of proceeds

As approved by China Securities Regulatory Commission Zheng Jian Xu Ke [2015] No. 1963, the Company was listed on the Main Board of the Hong Kong Stock Exchange on 30 December 2015 and it issued 249,700,000 H Shares under the global offering, with an offer price of HK\$2.43 per share, raising total proceeds of approximately HK\$607 million.

According to the use of proceeds from global offering as set out in the prospectus of the Company, the Company intended to use the proceeds for the following purposes: developing the Hong Kong and global futures business and asset management business; developing the commodity trading and risk management business; developing and strengthening the existing futures brokerage business; purchasing information technology equipment and software; and as general working capital of the Company.

As of the end of the Reporting Period, the Company has not utilized the proceeds raised.

VI. Directors

Information on Directors of the Company, their biographies and the changes during the Reporting Period and as of the date of this report are set out in Section X "Directors, Supervisors, Senior Management and Staff" of this report.

VII. Director and Supervisor service contract

No Directors and Supervisors of the Company, or their related entities, entered into any service contract with the Company or its subsidiaries which shall be compensated (except for statutory compensation) upon termination within one year.

VIII. Interests of Directors and Supervisors in material transactions, arrangements or contracts

As of 31 December 2015, the Company or its subsidiaries did not enter into any material transactions, arrangements or contracts entitling direct or indirect substantial interests to the Directors or Supervisors of the Company (or the related entities of any Director or Supervisor) during the Reporting Period.

IX. Interests of Directors in business that competes with the Company

From the Listing Date to the end of the Reporting Period, none of Directors of the Company had any interest in businesses directly or indirectly competing with the Company.

X. Directors' right to purchase shares or debentures

As of 31 December 2015, the Company has not given Directors, Supervisors or their respective spouse or children under the age of 18 the rights to purchase the Shares or debentures of the Company to obtain benefit, or did they exercise any such rights; or have any arrangements been made by the Company or any of its subsidiaries to entitle such rights to the Directors, Supervisors or their respective spouse or children under the age of 18 in any other body corporate.

XI. Interests and short positions of Directors, Supervisors and senior management in the Shares, underlying shares or debentures of the Company and any of its associated corporations

As of 31 December 2015, based on the information obtained by the Company and the knowledge of the Directors, the Directors, Supervisors and chief executive of the Company have no (i) interests and short positions that shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including the interests or short positions which they are taken or deemed to have under such provisions of the Securities and Futures Ordinance), or (ii) shall be entered in the register maintained pursuant to Section 352 of the Securities and Futures Ordinance, or (iii) interests or short positions which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code in the Shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance).

XII. Purchase, sale and redemption of securities

During the period from the Listing Date to 31 December 2015, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

XIII. Controlling shareholders' interests in contracts

Save as disclosed in this report and Prospectus, no contracts of significance to which the Company or its controlling companies or any of its subsidiaries was a party and in which the controlling shareholder or its subsidiaries had a material interest subsisted at the end of the Reporting Period or at any time during the year.

XIV. Permitted indemnity provision

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all loss or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain during his service or incur in or in connection with the execution of the duties of his office. The Company has arranged for appropriate insurance cover for the Directors' and senior management' liabilities in respect of legal actions against them arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when this report prepared by the Directors is approved in accordance with section 391(1) (a) of the Companies Ordinance.

XV. Share option scheme

The Company and its subsidiaries have no share option scheme.

XVI. Compliance with non-competition undertaking

As disclosed in the Prospectus of the Company, the Company and SOHO Holdings entered into the non-competition undertaking in favor of the Company on 8 December 2015 (the "Non-competition Undertaking"), pursuant to which SOHO Holdings and its close associates (as defined in the Listing Rules) (other than members of the Company) undertook that, save as disclosed in the Prospectus, neither SOHO Holdings nor any of its close associates (as defined in the Listing Rules) (other than members of the Company) would, in any form, engaged in, assisted or supported any third party in the operation of, participate, or has any interest in, any business that, directly or indirectly, competes or will compete or may compete with the business carried on or contemplated to be carried on by the Company from time to time, namely futures-related financial services including futures brokerage, asset management and commodity trading and risk management business.

SOHO Holdings has confirmed to the Company that, during the Reporting Period, it has complied with all the undertakings and requirements under the Non-competition Undertaking. During the Reporting Period, independent non-executive Directors of the Company have conducted annual review over the compliance with and performance of all the undertakings and requirements under the Non-competition Undertaking by SOHO Holdings and confirmed that SOHO Holdings was in full compliance with the Non-competition Undertaking and there was no breach.

XVII. Other disclosures

(I) Equity

Details of changes in equity of the Group for the year ended 31 December 2015 are set out in Note 35(c) to the financial statement of this annual report.

(II) Pre-emptive rights arrangements

Pursuant to the PRC laws and the Articles of Association, the Company has no pre-emptive rights arrangements during the Reporting Period.

(III) Sufficiency of Public Float

Based on the information obtained by the Company and to the knowledge of the Directors, from the Listing Date up to the date of this report, the public shareholding of the H Shares of the Company was 27.53%, which was in compliance with the relevant regulations of Rule 8.08 and Rule 13.32 of the Listing Rules.

(IV) Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the Company's business (other than the service contracts entered into with the Directors, Supervisors and the senior management) were entered into or existed during the Reporting Period.

(V) Data on tax reduction and exemption of the shareholders of H Shares

Individual investors

In accordance with the Individual Income Tax Law of the People's Republic of China issued by the Fifth Session of the Standing Committee of the National People's Congress on 10 September 1980, revised on 30 June 2011 and came into effect on 1 September 2011 and the "Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China" revised by the State Council on 19 July 2011 and came into effect on 1 September 2011, the dividends paid by Chinese companies shall be subject to the withholding tax at a rate of 20.0%. Non-Chinese resident foreign individuals shall be imposed 20.0% of individual income tax on the dividends from Chinese companies, unless specific exemptions allowed by the tax authorities of the State Council or special deductions in accordance with applicable tax treaty.

According to the Notice on the Management of Individual Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation (Guo Shui Han [2011] No. 348), for domestic non-foreign-invested enterprises publicly listed in Hong Kong, its overseas resident individual shareholders are entitled to the preferential tax treatments under the taxation agreement entered into between China and the countries in which they reside. Dividends paid by domestic non-foreign-invested enterprises listed in Hong Kong to its H share individual holders who are not Chinese residents shall be subjected to individual income tax at the rate of 10.0%, and without prior approval from the Chinese tax authorities. In the event that the tax rate of 10.0% is not applicable, (i) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate of less than 10.0% was entered into between China and the country in which he resides, the non-foreign-invested enterprises listed in Hong Kong may, on behalf of such holder, apply for further preferential tax treatment; and upon approval from the competent tax authorities, the withholding tax paid in excess will be refunded; (ii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate higher than 10.0% but less than 20.0% was entered into between China and the country in which he resides, the non-foreign-invested enterprises listed in Hong Kong shall withhold dividends pursuant to the agreement, without making an application; (iii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where the country he resides in has not entered into any tax treaty or otherwise with China, the non-foreign-invested enterprises listed in Hong Kong shall withhold dividends at the rate of 20.0%.

Pursuant to 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 (Guo Shui Han [2006] No. 884) with respect to taxes on income signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10.0% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25.0% equity interest in a PRC company, such tax shall not exceed 5.0% of the gross amount of dividends payable by the PRC company.

Enterprise

According to the Enterprise Income Tax Law of the People's Republic of China and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China effective on 1 January 2008, the non-resident enterprises shall be subject to 10.0% enterprise income tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, but there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. According to the Notice Regarding Questions on Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, which became effective on 6 November 2008, PRC resident enterprises should withhold enterprise income tax at a rate of 10.0% when they distribute dividends to Overseas non-resident enterprise shareholders of H Shares from the year of 2008. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

(VI) Reserves and reserves of profits available for distribution

Details of changes in reserve of the Group for the year ended 31 December 2015 are set out in Note 35(d) to the financial statement of this annual report.

(VII) Charity donation

During the Reporting Period, the Group made donations of approximately RMB1,025,600 in total.

(VIII) Major customers and suppliers

The Company provides services for various institutional and individual customers engaged in a number of industries. Clients of the Company include large, small and medium enterprises, high net worth clients and retail customers mainly located in China. As the Company expands to overseas market, it is expected to provide services for more overseas customers in the future.

During the Reporting Period, the largest customer of the Company accounted for 1.02% of the income and other gains, while the five largest customers accounted for 3.81% of the income and other gains.

To the knowledge of the Directors, no Directors or any of their close associates or any shareholders holding more than 5% of the issued share capital of the Company have any beneficial interests in any of the top five customers of the Company during the year.

Given its business nature, the Company has no major suppliers.

(IX) Property and equipment

Details of changes in property, plants and equipment of the Group for the year ended 31 December 2015 are set out in Note 12 to the financial statement of this annual report.

(X) Social Responsibilities

During the Reporting Period, Holly Futures stepped up its corporate social responsibility efforts and actively participated in charitable donations and social welfare activities. In order to raise staff awareness and promote the humanitarian spirit of helping people, the labor union of the Company organized blood donations and successfully encouraged around 100 staff members from the headquarter and the operation division to give blood. To support the "Spring Buds Project" in Jiangsu and help underprivileged students to receive vocational training as well as college and university education, the Company continued to provide subsidies to 30 impoverished students from the "Spring Buds Project Class" of Guannan High School at Lianyungang and has donated a total of RMB120,000 over three school years. The Company also joined the project organized by the Publicity Department of the Provincial Party Committee to fight poverty at Taozha Village, Matou Town, Huaiyin District, Huai'an City, and donated RMB200,000 to improve the livelihood of the poor. In supporting charity events and promoting mental and physical health of staff, the Company encouraged employees to participate in the "Big Fun Walk" event organized by Jiangsu Futures Association for employees in the futures industry of Jiangsu, so as to raise funds for charity projects.



By order of the Board
Mr. Zhou Yong
Chairman

Nanjing, the PRC
30 March 2016

Other Material Matters

I. Punishment and public censure against the Company during the Reporting Period

In January, February, March and May 2015, the Company received warning letters to two of its employees issued by the local stock regulatory bureau and disciplinary sanction decisions against two of its employees issued by the China Futures Association.

II. Material litigations and arbitrations

(1) Litigations and Arbitrations occurring during the Reporting Period

1. Disputes involving customers of the futures brokerage business of the Company, an ex-employee and the Company

Since the opening of accounts with the Company in 2009, two customers of the Company (being Customer B and the company in actual control of Customer B), had privately entrusted Mr. A, an ex-employee of the Company to be their agent in engaging futures trading, which incurred loss. Customer B and the company in actual control of Customer B filed a lawsuit in the Intermediate People's Court of Nanjing City on 8 May 2015, praying for an order that the Company do bear the trading losses in the two accounts, transaction fees, and interest up to 22 July 2015, totaling RMB58,294,681.17.

On 5 November 2015, the Intermediate People's Court of Nanjing City delivered its first trial judgment after trial and held that the litigation claims of Customer B and the company in the actual control of Customer B demanding the Company to bear the liability for breach of contract were lacking in factual and legal grounds and dismissed their claims. On 23 November 2015, Customer B and the company in the actual control of Customer B appealed to the Higher People's Court of Jiangsu Province. The hearings of the second trial took place on 26 February 2016 and 17 March 2016 respectively. The second trial is still on-going.

2. Contract dispute arising from significant commodity trading and risk management business of the Company

In 2014, Holly Capital entered into a purchase agreement with a customer ("Customer X") and a warehouse supervision entrusted agreement with Holly Logistics. In August 2015, certain part of japonica rice was moved by Customer X without the authorization of the Company. A lawsuit was filed to the Court of Qinhuai District, Nanjing by the Company against Customer X in August 2015 for, among other things, the repayment of debts.

On 8 December 2015, Holly Capital entered into the agreement for assignment with Holly Logistics, under which Holly Logistics would pay the Company the amount for the 10,610 tons of rice grains, capital retention fee, deferred supervision charges and costs of proceedings, proceedings preservation fee and legal fee, totaling RMB26,148,100. The Company has transferred the rights under the related contract to Holly Logistics and Holly Logistics shall have no claims against the Company after the transfer. On 21 December 2015, the Company received RMB26,148,100 from Holly Logistics.

(2) Cases concluded in the Reporting Period

Nil.

(3) Cases on enforcement procedures and bankruptcy proceedings

There were no cases of enforcement procedures and bankruptcy proceedings against the Company and its subsidiaries during the Reporting Period.

III. Material contracts and fulfillment

During the Reporting Period, the Company had not engaged in any material trust, sub-contract and lease arrangements of over RMB10.0 million and no such matters were carried forward to the Reporting Period from the previous period.

IV. Connected parties and connected transactions

Connected Transactions

During the Reporting Period, the Group conducted its connected transactions in strict compliance with the Hong Kong Listing Rules and the Administrative Measures on Connected Transactions. The connected transactions of the Group were mainly entered into with the controlling shareholder, SOHO Holdings, and the substantial shareholder, Holly Corporation, of the Company. See Note 39 to the consolidated financial statements of this report for information about other related party transactions and continuing connected transactions. The Company has complied with the disclosure requirements under Chapter 14 of the Listing Rules in respect of its connected transactions or continuing connected transactions.

In December 2015, for the preparation of the issue and listing of H Shares, based on the types and contents of possible continuing connected transactions in the future, the Group categorized its connected transactions with SOHO Holdings and Holly Corporation into two major categories, namely financial services and lease and management services. The Group entered into SOHO Financial Services Framework Agreement and SOHO Property Lease Framework Agreement with SOHO Holdings and entered into Holly Property Lease and Management Services Agreement with Holly Corporation, and set annual caps for the connected transactions from 2015 to 2017 under each of these framework agreements.

Continuing Connected Transactions

During the Reporting Period, the ordinary continuing connected transactions entered into by the Group and SOHO Holdings and Holly Corporation had been conducted according to the relevant framework agreements between the Group and SOHO Holdings and Holly Corporation. Neither the transaction amount nor its subject matter exceeded the scope covered by the agreements. Matters related to the framework agreements and their implementation during the Reporting Period were as follows:

(1) SOHO Financial Services Framework Agreement between the Group and SOHO Holdings

The Group entered into the agreement with SOHO Holdings on 8 December 2015. Pursuant to the agreement, the Group provided a variety of financial services to SOHO Holdings and its subsidiaries, including futures brokerage services, asset management services and commodity trading and risk management services. The annual cap for 2015 amounted to RMB2.2 million, with an actual amount of RMB0.94 million.

(2) SOHO Property Lease Framework Agreement between the Group and SOHO Holdings

The Group entered into the agreement with SOHO Holdings on 8 December 2015. Pursuant to the agreement, the Group leased certain properties from SOHO Holdings and its subsidiaries for offices or other business uses. The annual cap for 2015 amounted to RMB0.65 million, with an actual amount of RMB0.59 million.

(3) Holly Property Lease and Management Services Agreement between the Group and Holly Corporation

The Group entered into the agreement with Holly Corporation on 1 December 2015. Pursuant to the agreement, the Group leased certain properties from Holly Corporation for offices uses and Holly Corporation provided property management services to the Group. The annual cap for 2015 amounted to RMB5.66 million, with an actual amount of RMB5.66 million.

The following table set out the annual caps for continuing connected transactions in 2015 and the actual transaction amounts for connected transactions in 2015. For the year ended 31 December 2015, the continuing connected transactions of the Group were aggregated as follows:

		2015	
		Actual Amount (RMB'000)	Annual Cap (RMB'000)
1	SOHO Financial Services Framework Agreement Income generated from the provision of services from the Group to SOHO Holdings and its subsidiaries	938	2,200
2	SOHO Property Lease Framework Agreement Expense incurred by leasing properties by the Group from SOHO Holdings and its subsidiaries	586	650
3	Holly Property Lease and Management Services Agreement Expenses incurred by leasing properties by the Group from Holly Corporation	5,663	5,663

The Company, including the independent non-executive Director of the Company, has reviewed the abovementioned continuing connected transactions and confirmed that, the transactions were entered into according to the following conditions:

- (a) such transactions were entered into in the ordinary course of business of the Group;
- (b) such transactions were conducted on normal or better commercial terms; and
- (c) such transactions were conducted in accordance with the terms of relevant agreements, and such terms were fair and reasonable and in the interest of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the abovementioned continuing connected transactions and confirmed to the Board that:

- (a) nothing has come to its attention that may cause it to believe that these transactions have not been approved by the Board;
- (b) for the transactions involved the provision of goods or services by the Group, nothing has come to its attention that may cause it to believe that these transactions were not, in all material respects, in accordance with the pricing policy of the Group;
- (c) nothing has come to its attention that may cause it to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and
- (d) nothing has come to its attention that may cause it to believe that these transactions have exceeded their respective annual caps for such transactions.

The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules throughout the Reporting Period.

V. Acquisition, merger and separation during the Reporting Period

On 30 September 2015, the Company acquired 100% equity interest of Holly Su Futures. Upon the completion of acquisition, Holly Su Futures became the wholly-owned subsidiary of the Company.

VI. Attained qualifications for single business

On 13 November 2015, the Company completed the filing for entering the national inter-bank bond market of the People's Bank of China. The Company may conduct business in the inter-bank bond market with its own capital.

On 16 November 2015, the Company obtained the qualification for trading participant for stock options from the Shanghai Stock Exchange.

On 24 December 2015, the application of the Company for the qualification for sales of securities investment funds was approved.

VII. Major off-balance sheet items

There are no major off-balance sheet items such as guarantee and mortgage that may affect the financial conditions and operating results of the Company and its subsidiaries during the Reporting Period.

VIII. Engagement of accounting firm

Details of the engagement of accounting firms by the Company and change of accounting firms in the past is as follow:

Pursuant to the Measures for Financial Enterprises to Select and Employ Accounting Firms by Bidding (for Trial Implementation) (金融企業選聘會計師事務所招標管理辦法(試行)) issued by the MOF, there is a time limit for the service term of an accounting firm continuously appointed by a financial enterprise, hence the Company no longer engaged Talent Certified Public Accountants (Special General Partnership), the original accounting firm upon expiry of terms. To maintain consistency and completeness of the audit work of the Company, as approved by the 2016 first extraordinary general meeting of the Company on 29 March 2016, the Company appointed KPMG Huazhen (Special General Partnership) Shanghai branch and KPMG, with a term ending at the conclusion of the annual general meeting to be held on 31 May 2016. The Company will, at the annual general meeting to be held on 31 May 2016, propose a resolution in relation to the reappointment of KPMG Huazhen (Special General Partnership) and KPMG as its external audit firms for 2016 to respectively provide related audit and review services based on the China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards.

Remunerations for accounting firm: Pursuant to the resolution of the 2016 first extraordinary general meeting of the Company, the external auditing fees for 2015 was RMB1.50 million, including the fees for annual audit of H Share and annual statutory audit in the country in the amount of RMB1.50 million. In 2015, the Company paid RMB1.40 million for the audit and the review related services for the initial global public offering of H Shares and RMB0 for non-audit service for 2015.

IX. Other important particulars and subsequent events

(1) Change of shareholders, Directors, Supervisors and senior management of the Company and its subsidiaries

1. The Company

As set out in Section X "Directors, Supervisors, Senior Management and Staff".

2. Holly Capital

Directors:

On 1 April 2015, Li Bing was appointed as the chairman;

On 15 May 2015, Yao Hui was appointed as the director.

Senior management:

On 1 April 2015, Yao Hui was appointed as the general manager.

3. Holly Su Futures

On 5 November 2015, Li Changying, Luo Ying and Xiang Xi were appointed as the directors of Holly Su Futures, while Ji Hong ceased to be the director.

On 25 November 2015, Li Changying, Xiang Xi and Chu Kairong were appointed as the directors of Holly Su Futures, while Luo Ying ceased to be the director.

(2) Annual profit distribution plan of the Company

1. Annual profit distribution plan of the Company

The profit distribution plan for 2015 is set out in Section VII "IV. Profit distribution and profit distribution plan" of this report.

2. Annual profit distribution plan of subsidiaries

On 22 December 2015, Holly Capital convened the shareholders' meeting to consider and approve the profit distribution plan for Holly Capital Management Co., Ltd. As set out in its audited financial statement for 2013 and 2014, and the unaudited financial statement for June 2015, the accumulated net profit attributable to owners of Holly Futures amounted to RMB21,671,616.42. Pursuant to the Articles of Association of Holly Capital Management Co., Ltd., excluding the aggregate amount drawn from surplus reserve of RMB722,250.39, the remaining profit available for distribution amounted to RMB20,949,366.03. The shareholders' meeting has resolved to pay cash dividend of RMB10,000,000 for the six months ended 30 June 2015 to shareholders of Holly Capital and the remaining undistributed profit will be carried forward to the coming year.

Save for the above, there was no profit distribution plan for Holly Su Futures, the subsidiary of the Company, for 2015.

(III) Major investment and financing

1. Major investment and financing of the Company

Major investment and financing of the Company is set out in Section VI – “Management Discussion and Analysis” of this report.

2. Major investment and financing of subsidiaries

None.

(IV) Major legal proceedings and arbitration

Details of major legal proceedings and arbitration are set out in Section VIII – “II. Material Litigations and Arbitrations” of this report.

(V) Merger or disposal of subsidiaries

None.

(VI) Events to cause material impact on financial positions, business performance and cash flow

None.

(VII) Changes to the Articles of Association and Rules of Procedure for Meeting of the Board after the Reporting Period

At the Board meeting held on 22 January 2016, the Company proposed to amend Articles 11 and 154 of Articles of Association, which has come into effect after the approval of the extraordinary general meeting on 29 March 2016. For details, please refer to the announcement of the Company dated 5 February 2016. At the Board meeting held on 30 March 2016, the Company proposed to amend Articles 100, 101 and 127 of the Articles of Association and Articles 6, 8 and 29 of Rules of Procedure for Meeting of the Board of Holly Futures Co., Ltd., which will be considered at the 2015 annual general meeting.

Changes in Shares and Substantial Shareholders

I. Shareholding structure

Name of shareholders	Class of shares	Number of shares	Approximate percentage of total number of issued Shares of the Company (%) ^①
Jiangsu SOHO Holdings Group Co., Ltd.	Domestic Share	275,456,777	30.37%
Jiangsu Holly Corporation	Domestic Share	147,900,000	16.31%
Jiangsu Holly Su Industrial Co., Ltd.	Domestic Share	143,548,000	15.83%
Jiangsu High Hope International Group Corporation	Domestic Share	63,930,134	7.05%
Shanghai Mingda Industrial (Group) Company Limited	Domestic Share	9,276,631	1.02%
Jiangsu Hongrui Venture Capital Co., Ltd.	Domestic Share	8,903,113	0.98%
Jiangsu Holly International Logistics Corporation	Domestic Share	8,285,345	0.91%
Public shareholders	H Share	249,700,000	27.53%
Total		907,000,000	100%

Note: ① The calculation is based on the total issued 907,000,000 Shares of the Company as at 31 December 2015.

II. Changes in shares

Pursuant to the Reply Concerning Transfer of State-owned Equities of Holly Futures Co., Ltd. (Guo Zi Chan Quan [2015] No. 411) promulgated by the State-owned Assets Supervision and Administration Commission of the State Council, after the listing of the Company on the Main Board of the Hong Kong Stock Exchange on 30 December 2015 and the issuance of a total of 249,700,000 new H Shares, four state-owned shareholders of the Company, namely Jiangsu SOHO Holdings Group Co., Ltd., Jiangsu High Hope International Group Co., Ltd., Jiangsu Hongrui Venture Capital Co., Ltd. and Jiangsu Holly International Logistics Corporation transferred their respective 17,535,897 Domestic Shares, 4,069,866 Domestic Shares, 566,782 Domestic Shares and 527,455 Domestic Shares (22,700,000 Domestic Shares in total) to National Council for Social Security Fund in accordance with the relevant requirements. Upon the offering, the total number of shares of the Company increased from 680,000,000 Shares to 907,000,000 Shares.

III. Interests and short positions of substantial shareholders in shares and underlying shares of the Company

As at 31 December 2015, to the knowledge of the Directors, Supervisors and the chief executives of the Company, the interests or short positions of substantial shareholders (except the Directors, Supervisors and chief executives of the Company) in Share or underlying shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which are required to be entered into the register of the Company pursuant to section 336 of the SFO are as follows:

Name of shareholders	Class of Shares	Capacity	Number of shares held	Approximate percentage to total issued Shares ⁽¹⁾	Approximate percentage to relevant Share class ⁽²⁾
Jiangsu SOHO Holdings Group Co., Ltd. ⁽³⁾	Domestic Shares	Beneficial owner and interest in controlled corporation	431,642,122 (long position)	47.59%	65.67%
Jiangsu Holly Corporation	Domestic Shares	Beneficial owner	147,900,000 (long position)	16.31%	22.50%
Artall Culture Group Company Limited ⁽⁴⁾	Domestic Shares	Interest in controlled corporation	156,185,345 (long position)	17.22%	23.76%
Jiangsu Holly Su Industrial Co., Ltd.	Domestic Shares	Beneficial owner	143,548,000 (long position)	15.83%	21.84%
Hony Capital Industrial Phase I Fund (Tianjin) (Limited Partnership) ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Hony Capital Management (Tianjin) (Limited Partnership) ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Hony Tongren Consulting (Tianjin) (Limited Partnership) ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Hony Capital (Tianjin) Co., Ltd. ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Hony Capital (Beijing) Co., Ltd. ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Beijing Hony Capital Management Co., Ltd. ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Xu Minsheng ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Cao Yonggang ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Wang Lijie ⁽⁵⁾	Domestic Shares	Interest in controlled corporation	143,548,000 (long position)	15.83%	21.84%
Jiangsu High Hope International Group Corporation	Domestic Shares	Beneficial owner	63,930,134 (long position)	7.05%	9.73%

Note:

- (1) The calculation is based on the total number of 907,000,000 Shares in issue of the Company as at 31 December 2015.
- (2) The calculation is based on the 657,300,000 Domestic Shares in issue and 249,700,000 H Shares in issue of the Company as at 31 December 2015.
- (3) On 31 December 2015, Jiangsu SOHO Holding Group Co., Ltd. (i) directly held 275,456,777 Domestic Shares; (ii) was the beneficial owner of the entire equity interests of Artall Culture Group Company Limited (deemed to be interested in the 147,900,000 Domestic Shares and 8,285,345 Domestic Shares directly held by Jiangsu Holly Corporation and Jiangsu Holly International Logistics Corporation). Accordingly, Jiangsu SOHO Holdings Group Co., Ltd. is deemed to be interested in the 156,185,345 Domestic Shares indirectly held by Artall Culture Group Company Limited and hence directly and indirectly interested in 431,642,122 Domestic Shares under the SFO.
- (4) On 31 December 2015, Artall Culture Group Company Limited (i) was the beneficial owner of approximately 24.02% equity interests in Jiangsu Holly Corporation, which in turn held 147,900,000 Domestic Shares, and (ii) was the beneficial owner of approximately 89.66% of the equity interests in Jiangsu Holly International Logistics Corporation, which in turn held 8,285,345 Domestic Shares. As disclosed in the 2014 annual report of Jiangsu Holly Corporation, Artall Culture Group Company Limited is regarded as the controlling shareholder of Jiangsu Holly Corporation under the relevant PRC laws. Accordingly, Jiangsu Holly Corporation is a deemed controlled corporation of Artall Culture Group Company Limited under the SFO, and Artall Culture Group Company Limited is therefore deemed to be interested in the 147,900,000 Domestic Shares and 8,285,345 Domestic Shares directly held by Jiangsu Holly Corporation and Jiangsu Holly International Logistics Corporation, respectively.
- (5) On 31 December 2015, (i) Hony Capital Industrial Phase I Fund (Tianjin) (Limited Partnership) (弘毅投資產業一期基金(天津)(有限合夥)) ("Hony Capital Phase I") was the beneficial owner of 99.9955% equity interests in Jiangsu Holly Su Industrial Co., Ltd., which in turn held 143,548,000 Domestic Shares; (ii) Hony Capital Management (Tianjin) (Limited Partnership) (弘毅投資管理(天津)(有限合夥)) was the general partner of Hony Capital Phase I; (iii) Hony Capital (Tianjin) Co., Ltd. (弘毅投資(天津)有限公司) ("Hony Tianjin") was the general partner of Hony Capital Management (Tianjin) (Limited Partnership); (iv) Hony Tongren Consulting (Tianjin) (Limited Partnership) (弘毅同人顧問(天津)(有限合夥)) ("Hony Tongren") was the limited partner of Hony Capital Management (Tianjin) (Limited Partnership) holding 99% of its registered capital; (v) Hony Capital (Beijing) Co., Ltd. (弘毅投資(北京)有限公司) was the beneficial owner of 1% equity interests in Hony Tianjin and the general partner of Hony Tongren, which in turn held 99% equity interests in Hony Tianjin; (vi) Beijing Hony Capital Management Co., Ltd. (北京弘毅資產管理有限公司) was the beneficial owner of 80% equity interests in Hony Capital (Beijing) Co., Ltd.; and (vii) each of Mr. Xu Minsheng, Mr. Cao Yonggang and Mr. Wang Lijie was a beneficial owner of one third of the equity interests in Beijing Hony Capital Management Co., Ltd. Accordingly, under the SFO, each of Hony Capital Phase I, Hony Capital Management (Tianjin)(Limited Partnership), Hony Tongren, Hony Tianjin, Hony Capital (Beijing) Co., Ltd., Beijing Hony Capital Management Co., Ltd., Mr. Xu Minsheng, Mr. Cao Yonggang and Mr. Wang Lijie is deemed to be interested in the 143,548,000 Domestic Shares directly held by Jiangsu Holly Su Industrial Co., Ltd..

Save as disclosed above, as at 31 December 2015, the Directors, Supervisors and chief executives of the Company are not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) have an interest or short position in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are required to be entered into the register of the Company pursuant to Section 336 of the SFO.

As at the end of the Reporting Period, Jiangsu SOHO Holdings Group Co., Ltd., the controlling shareholder of the Company, held approximately 47.59% of the total issued Shares of the Company. SOHO Holdings was established in April 1994, with a registered capital of RMB2,000 million. It is a state-owned enterprise wholly-owned by the State-owned Assets Supervision and Administration Commission of Jiangsu. SOHO Holdings is an investment holding company and its business scope includes finance, industrial investment, operation and management of state-owned assets as authorized, domestic and international trade, property lease, and manufacturing, R&D and sales of silk, textile and clothing.

Directors, Supervisors, Senior Management and Staff

I. Basic Information about Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

(I) Directors

Name	Age	Gender	Position	Date of appointment	Time of joining the Company	Remunerations received during the Reporting Period (RMB'0000)	Relationship with other Directors, Supervisors or members of senior management	Remarks
Zhou Yong	49	Male	Chairman and Executive Director	15 January 2001	May 1998		N/A	
Zhou Jianqiu	46	Female	Executive Director and general manager	9 June 2015	March 1999	129.43	N/A	
Xue Binghai	45	Male	Non-executive Director	30 June 2012	June 2012		N/A	
Zhang Fasong	52	Male	Non-executive Director	24 August 1998	August 1998		N/A	Resigned on 29 March 2016
Sun Changyu	46	Male	Non-executive Director	27 November 2015	November 2015		N/A	
Li Xindan	49	Male	Independent Non-executive Director	30 June 2012	June 2012	7.14	N/A	
Zhang Hongfa	51	Male	Independent Non-executive Director	8 July 2013	July 2013	7.14	N/A	
Lam Kai Yeung	46	Male	Independent Non-executive Director	9 June 2015	June 2015	6.79	N/A	
Zhang Jie	39	Female	Independent Non-executive Director	30 June 2012	June 2012	7.14	N/A	Resigned on 29 March 2016
Guo Wen	47	Male	Non-executive Director	30 June 2012	June 2012		N/A	Resigned on 9 June 2015
Chen Shuai	42	Male	Non-executive Director	9 June 2015	June 2015		N/A	Resigned on 12 November 2015

(II) Supervisors

Name	Age	Gender	Position	Date of appointment	Time of joining the Company	Remunerations received during the Reporting Period (RMB'0000)	Relationship with other Directors, Supervisors or members of senior management	Remarks
Xu Yingying	31	Female	Chairlady of the Supervisory Committee and employee representative	22 November 2012	July 2007	26.63	N/A	-
Pu Xuenian	53	Male	Supervisor	22 November 2012	November 2006		N/A	
Wang Jianying	49	Female	Supervisor	25 December 2014	December 2014		N/A	Elected at the Fifth Extraordinary General Meeting of 2014 on 25 December 2014

(III) Senior Management

Name	Age	Gender	Position	Time of taking office	Remunerations received during the Reporting Period (RMB'0000)	Relationship with other Directors, Supervisors or members of senior management	Remarks
Zhou Jianqiu	46	Female	Executive Director and general manager	Deputy general manager from April 2007 to June 2011. Executive deputy general manager from July 2011 to May 2015. General manager since May 2015.	129.43	N/A	Elected as general manager at the twenty-first meeting of the first session of the Broad on 7 May 2015
Zhao Weixiong	40	Male	Executive deputy general manager, Board secretary and joint company secretary	Board secretary since January 2008. Deputy general manager from September 2010 to May 2015. Executive deputy general manager since May 2015. Joint company secretary since July 2015.	64.87	Mr. Zhao Weixiong is the spouse of Ms. Wang Min	Elected as executive general manager at the twenty-first meeting of the first session of the Broad on 7 May 2015; Elected as joint company secretary at the twenty-fourth meeting of the first session of the Broad on 10 July 2015
Ding Jiunian	49	Male	Deputy general manager	Deputy general manager since September 2010.	42.44	N/A	
Zheng Peiguang	50	Male	Deputy general manager	Deputy general manager since May 2002.	44.65	N/A	
Jia Guorong	45	Male	Chief Risk Officer	Deputy general manager from April 2007 to March 2009. Chief Risk Officer since March 2009.	65.91	N/A	
Zhao Dong	46	Male	Deputy general manager	Deputy general manager since March 2014	40.83	N/A	
Wang Min	38	Female	Supervisor of finance	Supervisor of finance since July 2015	32.64	Ms. Wang Min is the spouse of Mr. Zhao Weixiong	Elected at the twenty-third meeting of the first session of the Broad on 1 July 2015
Sun Jidong	43	Male	General manager (resigned)	Deputy general manager from August 2004 to December 2007 General manager from January 2008 to May 2015	44.99	N/A	Resigned as general manager of the Company in May 2015

II. Appointment of Directors, Supervisors and Senior Management in Companies of Shareholders and Other Companies

(I) Directors

Name	Position at the Company	Employer	Position at other companies	Period of time
Zhou Yong	Chairman and Executive Director	Jiangsu Artall Cultural Industries Company Limited	Chairman	Since July 2011
		Jiangsu Cultural Assets and Equity Exchange	Chairman	Since October 2012
		SOHO Holding	Director and CEO	Since May 2013
		Aerosun Corporation	Director	Since May 2011
		Huatai Securities Co., Ltd.	Director	Since January 2015
Zhou Jianqiu	Executive Director	Holly Capital	Director	Since January 2014
Xue Binghai	Non-executive Director	SOHO Holding	Assistant to CEO	Since March 2013
		Jiangsu SOHO Investment Group Company Limited	General manager	Since March 2013
		Huatai Securities Co., Ltd.	Director	From February 2010 to January 2015
Zhang Fasong	Non-executive Director	Holly Corporation	General manager and Director	From March 1999 to April 2015
		Artall Culture Group	General manager	Since April 2015
Sun Changyu	Non-executive Director	Beijing Hony Yuanfang Investment Consultancy Co., Ltd.	Investment director	Since November 2011
		Chengdu Bank Co., Ltd.	Supervisor	September 2013
Li Xindan	Independent Non-executive Director	School of Management and Engineering of Nanjing University	President	Since June 2009
		Narui Technology Co., Ltd.	Independent Director	Since May 2010
		C.banner International Holdings Limited	Independent Director	Since August 2011
Zhang Hongfa	Independent Non-executive Director	Jiangsu Province Appraisal Society	Executive deputy secretary-general	Since August 2014
		Jiangsu Wiscom System Company Limited	Independent Director	Since April 2010
		Wuxi Weifu High-technology Group Company Limited	Independent Director	From March 2012 to March 2015
		Guolian Futures Company Limited	Independent Director	Since April 2007
		Jinling Pharmaceutical Company Limited	Independent Director	From June 2014 to June 2015

Name	Position at the Company	Employer	Position at other companies	Period of time
Lam Kai Yeung	Independent Non-executive Director	Northeast Tiger Pharmaceutical Co., Ltd.	Independent Non-executive Director	From August 2008 to June 2015
		Ping Shan Tea Group Limited	Non-executive Director	From December 2014 to May 2015
		Silverman Holdings Limited	Independent Non-executive Director	Since June 2012
		Highlight China IoT International Limited	Independent Non-executive Director	Since August 2014
		Sunway International Holdings Limited	Independent Non-executive Director	Since May 2015
		Finsoft Financial Investment Holdings Limited	Independent Non-executive Director	Since June 2015
		Kong Shum Union Property Management (Holding) Limited	Independent Non-executive Director	Since October 2015
Zhang Jie	Independent Non-executive Director	College of Economics and Management of Nanjing University of Aeronautics and Astronautics	Lecturer	Since April 2001
		Huatai Securities Co., Ltd.	Independent Director and Independent Non-executive Director	From November 2013 to December 2015
Guo Wen	Non-executive Director	Jiangsu Holly Su Industrial Co., Ltd.	Executive Director	From February 2011 to June 2015
		Beijing Hony Yuanfang Investment Consultancy Co., Ltd.	Managing director	Since July 2007
		China Glass Holdings Limited	Non-executive Director	Since March 2014
Chen Shuai	Non-executive Director	Fifth Session of Listed Companies Merger and Reorganisation Vetting Committee of the CSRC	Committee member	Since June 2014
		Century Ginwa Company Limited	Non-executive Director and vice chairman of the Board	Since December 2010
		Shanghai Chengtuo Holding Co., Ltd.	Director	Since March 2014

(II) Supervisors

Name	Position at the Company	Employer	Position at other companies	Period of time
Xu Yingying	Chairlady of the Supervisory Committee	-	-	-
Pu Xuenian	Supervisor	SOHO Holdings	Head of Supervision Office	From August 2010 to February 2015
		Jiangsu SOHO Construction Group. Co., Ltd.	Chairman	From February 2015 to January 2016
		South-to-North Water Diversion East Line Jianghe Shuiyuan Company Limited	Secretary of party committee	Since January 2016
Wang Jianying	Supervisor	High Hope International	General manager of Corporate Management Department	Since April 2014

(III) Senior Management

Name	Position at the Company	Employer	Position at other companies	Period of time
Zhou Jianqiu	Executive Director and general manager	Please refer to the above subsection "Appointment of Directors, Supervisors and Senior Management in Companies of Shareholders and Other Companies-Directors"		
Zhao Weixiong	Executive deputy general manager	Holly Capital	Director	Since June 2013
	Board secretary	China Futures Association	Member of Disciplinary Committee of Executive Committee	Since November 2010
Ding Jiunian	Joint company secretary	Jiangsu Chamber of International Commerce	Committee member	Since April 2011
	Deputy general manager	Holly Capital	Supervisor	Since June 2013
Zheng Peiguang	Deputy general manager	-	-	-
Jia Guorong	Chief Risk Officer	Holly Capital	Director	Since November 2013
Zhao Dong	Deputy general manager	-	-	-
Wang Min	Supervisor of finance	-	-	-
Sun Jidong	General manager (resigned)			

III. Biography of Directors, Supervisors and Senior Management

(I) Directors

Executive Directors

Mr. Zhou Yong (周勇), aged 49, has been appointed as the Chairman and a Director of the Company since January 2001 (he was re-designated as an executive Director in July 2015) and is primarily responsible for the overall management and supervision of the Company, making strategic plans and organising Board meetings. Mr. Zhou Yong was the general manager of Jiangsu Holly International Group Investment Management Co., Ltd. (江蘇弘業國際集團投資管理有限公司) ("Holly Investment") from February 1999 to June 2006. He had also been engaged with Artall Culture Group from June 2006 to July 2010 as its vice president. Mr. Zhou Yong has served as the chairman of the board of directors of Jiangsu Artall Cultural Industries Company Limited (江蘇愛濤文化產業有限公司), a company principally engaged in design, exhibition trading and investment in handicraft articles, since July 2011, the chairman of the board of directors of Jiangsu Cultural Assets and Equity Exchange (江蘇省文化產權交易所) since October 2012, and the director and president of SOHO Holdings since May 2013.

In addition, Mr. Zhou Yong currently holds or had held directorship in the following listed companies:

Name	Principal business	Name of stock exchange/stock code	Position	Period of time
Holly Corporation	A leading manufacturer and trader in Jiangsu Province	Shanghai Stock Exchange/stock code: 600128	Director	From January 2010 to March 2015
Aerosun Corporation	Equipment manufacturing	Shanghai Stock Exchange/stock code: 600501	Director	Since May 2011
Huatai Securities Co., Ltd.	A securities company	A Shares: Shanghai Stock Exchange/stock code: 601688; H Shares: the Stock Exchange/stock code: 6886	Non-executive Director	Since January 2015

Mr. Zhou Yong has been a member of the second, third and fourth sessions of CFA since June 2006, the president of Jiangsu Futures Association (江蘇省期貨業協會) since October 2007 and a member of the fifth session of Zhengzhou Commodity Exchange (鄭州商品交易所) since January 2011, respectively. Mr. Zhou Yong graduated from Sichuan University (四川大學) located in Chengdu, Sichuan Province in July 1987 with a bachelor degree in physics, from Fudan University (復旦大學) located in Shanghai in January 1998 with a master degree in politics and economics and from Nanjing University (南京大學) located in Nanjing, Jiangsu Province in January 2005 with a doctor degree in philosophy. He is a senior economist (正高級經濟師) and a senior international commerce economist (高級國際商務師) as credentialed by the Human Resources Department of Jiangsu Province (江蘇省人事廳) (now known as the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳)). He is also a research fellow as credentialed by the Department of Human Resources and Social Security of Jiangsu Province.

Ms. Zhou Jianqiu (周劍秋), aged 46, was appointed as a Director in June 2015 (she was re-designated as an executive Director in July 2015) and the general manager of the Company in May 2015. She is primarily responsible for the management and operation of the Company and is responsible for the asset management centre, finance department and human resources department. Ms. Zhou Jianqiu has been engaged with Jiangsu Holly, the predecessor company of the Company, and the Company since March 1999, working at various times as the deputy manager and manager of its finance department, supervisor of finance and deputy general manager, deputy general manager and executive deputy general manager. She has also been a director of Holly Capital, the wholly-owned subsidiary of the Company, since January 2014. Ms. Zhou Jianqiu graduated from Fudan University (復旦大學) located in Shanghai in June 2012 with a master degree in business administration for senior management.

Non-executive Directors

Mr. Xue Binghai (薛炳海), aged 45, was appointed as a Director in June 2012 (he was re-designated as a non-executive Director in July 2015) and is primarily responsible for providing strategic advice on corporate developments and making recommendations on major operational and managerial decisions of the Company. Mr. Xue Binghai had served in various positions including a staff, the assistant to the general manager and the deputy general manager of the asset and finance department and the chief financial officer of Jiangsu SOHO International Group Co., Ltd. (江蘇蘇豪國際集團股份有限公司), a company principally engaged in the import and export trading business of silk products, from July 1995 to June 2007 and from June 2008 to March 2013. He had been the deputy general manager of the asset and finance department of Jiangsu Silks Group Co., Ltd. (江蘇省絲綢集團有限公司), the previous company name of SOHO Holdings, from June 2007 to December 2007 and the general manager of the asset and finance department of SOHO Holdings from January 2008 to March 2013. He had also been the director and general manager of both Jiangsu Soho Venture Capital Investment Co., Ltd. (江蘇蘇豪創業投資有限公司), a company principally engaged in equity investment business, and Jiangsu Soho Investment Management Co., Ltd. (江蘇蘇豪投資管理有限公司), a company principally engaged in asset management business, from February 2008 to March 2013. He has been the assistant to the president of SOHO Holdings as well as the general manager of Jiangsu SOHO Investment Group Co., Ltd. (江蘇蘇豪投資集團有限公司), a company principally engaged in asset investment business since March 2013. In addition, Mr. Xue Binghai was a director of Huatai Securities from February 2010 to January 2015. Mr. Xue Binghai graduated from Nanjing College of Finance (南京經濟學院) (now known as Nanjing University of Finance and Economics (南京財經大學)) located in Nanjing, Jiangsu Province in June 1995 with a bachelor degree in accounting, and from Peking University (北京大學) located in Beijing in June 2005 with a master degree in public management, respectively. He is a senior accountant as credentialed by the Human Resources Department of Jiangsu Province (江蘇省人事廳).

Mr. Zhang Fasong (張發松), aged 52, was appointed as a Director in August 1998 (he was re-designated as a non-executive Director in July 2015) and is primarily responsible for providing strategic advice on corporate development and making recommendations on major operational and managerial decisions of the Company. Mr. Zhang Fasong has resigned on 29 March 2016. Prior to joining the Group, Mr. Zhang Fasong had been a staff of Jiangsu Crafts Import & Export Company Limited (江蘇省工藝品進出口公司), a company principally engaged in import and export trading business of crafts, from August 1980 to February 1996 and the assistant to the general manager of Jiangsu Crafts Import and Export Group Co., Ltd. (江蘇省工藝品進出口集團公司), a company principally engaged in import and export trading business, from March 1996 to March 1999. Mr. Zhang Fasong had also been engaged with Holly Corporation from March 1999 to April 2015, working at various times as its deputy general manager, general manager and director. He has served as the general manager of Artall Culture Group since April 2015. Mr. Zhang Fasong graduated from the University of International Business and Economics (對外經濟貿易大學) located in Beijing in July 1988 with an associate degree in foreign trade by attending long distance learning courses. He is also a senior international commerce economist (高級國際商務師) as credentialed by the Human Resources Department of Jiangsu Province (江蘇省人事廳).

Mr. Sun Changyu (孫昌宇), aged 46, was appointed as a non-executive Director in November 2015 and is primarily responsible for providing strategic advice on corporate development and making recommendations on major operational and managerial decisions of the Company. Mr. Sun Changyu joined Beijing Hony Yuanfang Investment Consultancy Co., Ltd. (北京弘毅遠方投資顧問有限公司), an investment company, in November 2011 and he currently serves as the investment director of the department of modern service industry. He had also served as a senior manager in the investment management department of China Life Insurance Company Limited (中國人壽保險股份有限公司), an insurance company, from August 2005 to November 2011 and he was primarily responsible for the management of utilization of insurance funds. In addition, Mr. Sun Changyu has been a supervisor of Chengdu Bank Co., Ltd. (成都銀行股份有限公司) since September 2013.

Mr. Sun Changyu graduated from Tsinghua University (清華大學) in Beijing, the PRC with his Bachelor of Science degree in July 1993, from Zhongnan University of Economics (中南財經大學, now known as Zhongnan University of Economics and Law (中南財經政法大學)) in Hubei province, the PRC with his Master of Business Administration degree in June 1998 and from Zhongnan University of Economics and Law (中南財經政法大學) with his doctor's degree in Industrial Economics in June 2004. He is an engineer as credentialed by China Construction Bank, Hainan Branch (中國建設銀行海南省分行).

Independent Non-executive Directors

Mr. Li Xindan (李心丹), aged 49, was appointed as an independent non-executive Director in June 2012 and is primarily responsible for supervising and providing independent advice on the operation and management of the Company. Mr. Li Xindan had been an associate professor in Southeast University (東南大學) since 1993 and was promoted to a professor in 1999. Mr. Li Xindan served as the vice president of the School of Management and Engineering of Nanjing University (南京大學) from January 2001 to June 2009 and became the president since June 2009. He has been an independent director of Narui Technology Co., Ltd. (國電南瑞科技股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600406)), a leading provider of power and automation technologies in the PRC, since May 2010. He has also been an independent non-executive director of C.banner International Holdings Limited (千百度國際控股有限公司, a company listed on the Stock Exchange (stock code: 1028)), a retailer of mid-to-premium women's formal and casual footwear in the PRC, since August 2011. Mr. Li Xindan graduated from Fudan University (復旦大學) located in Shanghai in July 1988 with a bachelor degree in international economics and management science and a doctor degree in economics in July 1999, respectively. He was recognised as a Zhao Shiliang Chair Professor (趙士良講座教授) by Nanjing University in 2014.

Ms. Zhang Jie (張捷), aged 39, was appointed as an independent non-executive Director in June 2012 and is primarily responsible for supervising and providing independent advice on the operation and management of the Company. Ms. Zhang Jie has resigned on 29 March 2016. Ms. Zhang Jie has been engaged with the College of Economics and Management of Nanjing University of Aeronautics and Astronautics (南京航空航天大學經濟與管理學院) since April 2001, working at various times as a lecturer, associate professor and research fellow. She has been an independent director and independent non-executive director of Huatai Securities from November 2013 to December 2015. Ms. Zhang Jie graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) located in Nanjing, Jiangsu Province with a bachelor degree in economics in July 1998 and a master degree in management science in March 2001, respectively. She graduated from Nanjing University (南京大學) in June 2008 with a doctor degree in management science. She has been a researcher as credentialed by the Evaluation Committee of Research-based Senior Positions (研究系列高級職務評審委員會) of Nanjing University of Aeronautics and Astronautics since May 2014.

Mr. Zhang Hongfa (張洪發), aged 51, was appointed as the independent non-executive Director in July 2013 and is primarily responsible for supervising and providing independent advice on the operation and management of the Company, in particular in regards to financial affairs. Mr. Zhang Hongfa has worked in the Jiangsu Institute of Certified Public Accountants (江蘇省註冊會計師協會) from May 1998 to July 2014. He has also been the executive deputy secretary-general of Jiangsu Province Appraisal Society (江蘇省資產評估協會) since August 2014. Mr. Zhang Hongfa had been a lecturer at Jiangsu Radio and Television University (江蘇廣播電視大學, now known as Jiangsu Open University (江蘇開放大學)) from September 1986 to September 1993 and performed social audit work for Jiangsu Provincial Firm of Accountants (江蘇省會計師事務所) from October 1993 to May 1998. Furthermore, Mr. Zhang Hongfa currently holds or had held directorships in the following entities, most of which are listed companies:

Name	Principal business	Name of stock exchange/stock code	Position	Period of time
Jiangsu Hongbao Hardware Company Limited (now known as Great Wall Movie and Television Company Limited)	Manufacture and sale of hardware tools	Shenzhen Stock Exchange/002071	Independent director	December 2007 to May 2014
Jiangsu Wiscom System Company Limited	Electrical power automation and IT services	Shenzhen Stock Exchange/002090	Independent director	April 2010 to present
Jiangsu Hoperun Software Company Limited	Provision of software outsourcing services	Shenzhen Stock Exchange/300339	Independent director	December 2009 to October 2014
Wuxi Weifu High-technology Group Company Limited	Development, manufacture and sale of automobile components	Shenzhen Stock Exchange/000581	Independent director	March 2012 to March 2015
Guolian Futures Company Limited	Commodity futures brokerage and financial futures brokerage	N/A	Independent director	April 2007 to present
Shuangliang Eco-energy Systems Company Limited	Manufacture and sale of chemical products and mechanical products	Shanghai Stock Exchange/600481	Independent director	March 2004 to May 2007
Jinling Pharmaceutical Company Limited	Manufacture and sale of pharmaceutical products	Shenzhen Stock Exchange/000919	Independent director	June 2014 to April 2015
Jiangsu Guotai International Group Guomao Company Limited	Trading business	Shenzhen Stock Exchange/002091	Independent director	December 2004 to December 2007

Mr. Zhang Hongfa graduated from Soochow University (蘇州大學) located in Suzhou, Jiangsu Province in July 1986 with a bachelor degree in economics. He is a senior accountant as credentialed by the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳) and a Certified Public Accountant as credentialed by the Department of Finance of Jiangsu Province (江蘇省財政廳).

Mr. Lam Kai Yeung (林繼陽), aged 46, was appointed as an independent non-executive Director in June 2015. Mr. Lam Kai Yeung had been the company secretary and qualified accountant of Hunan Nonferrous Metals Corporation Limited, a company delisted from the Hong Kong Stock Exchange in March 2015 (original stock code: 2626), from July 2006 to August 2013. Mr. Lam Kai Yeung had been an independent non-executive director of Northeast Tiger Pharmaceutical Company Limited (stock code: 8197), a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, from August 2008 to June 2015 and an non-executive director of Ping Shan Tea Group Limited, a company listed on Main Board of the Hong Kong Stock Exchange from December 2014 to May 2015. He has also been an independent non-executive director of Silverman Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1616) since June 2012, an independent non-executive director of Highlight China IoT International Limited (formerly known as Ford Glory Group Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1682) since August 2014, an independent non-executive director of Sunway International Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 58) since May 2015, an independent non-executive director of Finsoft Financial Investment Holdings Limited (a company listed on Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8018) since June 2015 and an independent non-executive director of Kong Shum Union Property Management (Holding) Limited (a company listed on Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8181) since October 2015.

Mr. Lam Kai Yeung is a fellow of the Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants. He is also a licensed person for type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Lam Kai Yeung obtained a bachelor degree of accounting from Xiamen University (廈門大學) in July 1990 and a master degree in business administration from Oxford Brookes University in the U.K. in July 2010.

(II) Supervisors

Ms. Xu Yingying (徐瑩瑩), aged 31, was appointed as the chairlady of the Supervisory Committee and an employee representative Supervisor in November 2012 and is primarily responsible for supervising the performance of duties by the Directors and members of the senior management. Ms. Xu Yingying has been engaged with Jiangsu Holly, the predecessor company of the Company and the Company since July 2007 and worked at various times as a staff, person-in-charge and assistant to manager of the administration and human resource department. She has served as the deputy general manager of the human resources department of the Company since February 2012. Ms. Xu Yingying graduated from Nanjing University (南京大學) located in Nanjing, Jiangsu Province in June 2007 with a bachelor degree in Chinese language and literature.

Mr. Pu Xuenian (濮學年), aged 53, was appointed as a Supervisor in November 2012 and is primarily responsible for supervising the performance of duties by the Directors and members of the senior management. Mr. Pu Xuenian had served in various positions including, among others, the manager of financial department in Jiangsu Crafts Import and Export Group Co., Ltd. (江蘇省工藝品進出口集團公司) from May 1988 to February 2005. He had also assumed various positions in Artall Culture Group, a company primarily engaged in culture and arts communication business and import and export trading business, including the deputy general manager of the audit and legal department from March 2005 to January 2008, and a supervisor as well as the general manager of the audit and legal department from January 2008 to August 2010. He had also been the head of the supervision office of SOHO Holdings from August 2010 to January 2015. Mr. Pu Xuenian served as the chairman of Jiangsu SOHO Construction Group Co., Ltd. (江蘇蘇豪建設集團有限公司), a company principally engaged in real estate development and property management business, from February 2015 to January 2016. In addition, Mr. Pu Xuenian served as the secretary of the party committee at South-to-North Water Diversion East Line Jianghe Shuiyuan Company Limited (南水北調東線江蘇水源有限責任公司) since January 2016. Mr. Pu Xuenian graduated from Jiangsu Radio and Television University (江蘇廣播電視大學) (now known as Jiangsu Open University (江蘇開放大學)) located in Nanjing, Jiangsu Province in July 1986 with an associate degree in industrial accounting.

Ms. Wang Jianying (王健英), aged 49, was appointed as a Supervisor in December 2014 and is primarily responsible for supervising the performance of duties by the Directors and members of the senior management. Ms. Wang Jianying served as the deputy general manager and the general manager of the audit department of Jiangsu Skyrun International Group Co., Ltd. (江蘇開元國際集團有限公司), a company principally engaged in import and export trading business of commodities, from December 2000 to January 2003 and from January 2003 to July 2007, respectively. She has also been the chief accountant and the general manager of the corporate management department of High Hope International, a company principally engaged in the import and export trading business of commodities, from July 2007 to April 2014 and since April 2014, respectively. Ms. Wang Jianying graduated from the University of International Business and Economics (對外經濟貿易大學) located in Beijing in July 1986 with an associate degree in accounting. She is a senior accountant as credentialed by the Human Resource Department of Jiangsu Province (江蘇省人事廳).

(III) Senior Management

Ms. Zhou Jianqiu (周劍秋), for details of Ms. Zhou Jianqiu, please see the above subsection "Biography of Directors – Executive Directors".

Mr. Zhao Weixiong (趙偉雄), aged 40, was appointed as the executive deputy general manager in May 2015, Board secretary in January 2008 and joint company secretary in July 2015, respectively. He is primarily responsible for the company secretarial matters and the securities department, international business department, a part of the futures branches as well as matters relating to Holly Capital. Mr. Zhao Weixiong has been engaged with Jiangsu Holly, the predecessor company of the Company and the Company since July 1999, working at various times as the manager of futures branch, office head, chief operation officer, board secretary and deputy general manager. Mr. Zhao Weixiong has also been a director of Holly Capital since June 2013 (he had been the chairman of the board of directors from June 2013 to April 2015). Mr. Zhao Weixiong had successively served as the assistant to general manager as well as the deputy general manager of Holly Investment from July 2006 to September 2010. Mr. Zhao Weixiong graduated from Southeast University (東南大學) located in Nanjing, Jiangsu Province in November 2011 with a doctor degree in management science and engineering and is currently a senior economist (高級經濟師) as credentialed by the Department of Human Resources and Social Securities of Jiangsu Province. He is also a member of the disciplinary committee of the third executive committee, a member of the self-disciplinary supervision committee of the fourth executive committee of CFA (中國期貨業協會第三屆理事會紀律委員會及第四屆理事會自律監察委員會委員) and a member of Jiangsu Chamber of International Commerce (江蘇省國際商會). Mr. Zhao Weixiong is currently the vice president of Jiangsu Financial Youth Federation (江蘇省金融青年聯合會) and an external tutor of professional postgraduate of Southeast University (東南大學專業學位研究生校外指導教師). Mr. Zhao Weixiong is the spouse of Ms. Wang Min, who is the supervisor of finance of the Company.

Mr. Ding Jiunian (丁久年), aged 49, was appointed as the deputy general manager in September 2010 and is primarily responsible for the audit and legal department and discipline inspection department and dealing with administrative matters. Mr. Ding Jiunian has been engaged with Jiangsu Holly, the predecessor company of the Company and the Company since March 2006, working at various times as manager of department, assistant to general manager and deputy general manager. He has also served as a supervisor of Holly Capital, the wholly-owned subsidiary of the Company, since June 2013. He served as the deputy general manager of Holly Motors Company Limited (弘業汽車發展有限公司), a company principally engaged in sales of vehicle from April 2002 to March 2004. Mr. Ding Jiunian also served as the general manager of Yangzhou Holly Motors Sales Service Co., Ltd. (揚州弘業汽車銷售服務有限公司) from March 2004 to February 2006. Mr. Ding Jiunian graduated from Jiangsu Provincial Party Committee of the Communist Party of China (中共江蘇省委黨校) located in Nanjing, Jiangsu Province in July 2010 with his postgraduate diploma.

Mr. Zheng Peiguang (鄭培光), aged 50, was appointed as the deputy general manager in May 2002 and is primarily responsible for the brokerage business management department, option department as well as several business departments of the head office. Mr. Zheng Peiguang has been engaged with Jiangsu Holly, the predecessor company of the Company and the Company since September 1999, working at various times as deputy manager of the marketing development department, deputy manager and manager of futures branch and the deputy general manager. Mr. Zheng Peiguang graduated from Jiangsu Provincial Cadres College (江蘇省省級機關幹部業餘大學) (now known as Jiangsu Provincial Management Cadres College (江蘇省省級機關管理幹部學院)) located in Nanjing, Jiangsu Province in July 1992 with an associate degree in administrative management.

Mr. Jia Guorong (賈國榮), aged 45, was appointed as the Chief Risk Officer in March 2009 and is primarily responsible for the compliance and risk management matters and the labor union. Mr. Jia Guorong has been engaged with Jiangsu Holly, the predecessor company of the Company, and the Company since January 1999, working at various times as the deputy manager and manager of the settlement department, risk director, deputy general manager and Chief Risk Officer. He has also been a director of Holly Capital, the wholly-owned subsidiary of the Company, since November 2013. Mr. Jia Guorong graduated from Hohai University (河海大學) located in Nanjing, Jiangsu Province in December 2012 with a master degree in business administration.

Mr. Zhao Dong (趙東), aged 46, was appointed as the deputy general manager in March 2014 and is primarily responsible for a part of the futures branches. Prior to joining the Group, Mr. Zhao Dong had been the manager of marketing department of Wuxi Lida Futures Brokerage Co., Ltd. (無錫利大期貨經紀有限公司) from September 1999 to May 2000 and the manager of marketing division of Yixing Huazheng Futures Brokerage Co., Ltd. (宜興華證期貨經紀有限公司) from May 2000 to October 2003, respectively. Mr. Zhao Dong had been engaged with Huazheng Futures Brokerage Co., Ltd. (華證期貨經紀有限公司) from October 2003 to May 2013, working at various times as its manager of marketing department, deputy general manager and general manager. He had also been the general manager of Huazheng Futures Co., Ltd. (華證期貨有限公司) from March 2007 to May 2013. Mr. Zhao Dong graduated from the Officer Correspondence School of Jiangsu Provincial Party Committee of the Communist Party of China (中共江蘇委黨校幹部函授學院) located in Nanjing, Jiangsu Province with an associate degree in economics and management in July 2001.

Ms. Wang Min (王敏), aged 38, was appointed as the supervisor of finance in July 2015 and is primarily responsible for the finance and accounting work. Ms. Wang Min has been engaged with Jiangsu Holly, the predecessor company of the Company, and the Company since July 1999, working at various times as, including but not limited to, deputy manager and manager of the finance department. From September 2003 to October 2009, she had served as the assistant to manager and deputy manager of the finance department of Holly Investment. Ms. Wang Min holds the professional certificates of accounting, statistics and futures and she has been an intermediate accountant since 2002. She received the award Women's pacesetter (巾幗標兵崗) from Trade Union of Jiangsu Provincial Committee (江蘇省部屬企事業工會) in May 2014. Ms. Wang Min graduated from Yangzhou University (揚州大學) located in Yangzhou, Jiangsu Province in June 1999 with a bachelor degree in accounting. Ms. Wang Min is the spouse of Mr. Zhao Weixiong, who is the executive deputy general manager of the Company, Secretary of the Board and the joint company secretary.

IV. Changes of Directors, Supervisors and Senior Management

(I) Changes of Directors

On 9 June 2015, Mr. Guo Wen, the former Non-executive Director, resigned as a director due to personal reasons; on 12 November 2015, Mr. Chen Shuai, the former Non-executive Director, resigned as a director due to personal reasons.

On 9 June 2015, the general meeting of the Company of 2014 considered and approved the "Resolutions on Election of Directors of Holly Futures Co., Ltd." and elected Zhou Jianqiu as the Executive Director of the Company and Lam Kai Yeung as the Independent Non-executive Director of the Company. The meeting also considered and approved the "Resolution on Re-election of Directors of Holly Futures Co., Ltd." and elected Mr. Chen Shuai as the director of the Company. On 27 November 2015, the Third Extraordinary General Meeting of the Company of 2015 considered and approved the "Resolution on Members of the Second Session of the Board of Holly Futures Co., Ltd." and elected Mr. Sun Changyu as the Non-executive Director of the Company.

(II) Changes of Supervisors

None.

(III) Changes of Senior Management

On 7 May 2015, the twenty-first meeting of the first session of the Board of the Company considered and approved the "Resolution on the Appointment of General Manager and Executive Deputy General Manager of Holly Futures Co., Ltd." and appointed Ms. Zhou Jianqiu as the general manager of the Company and Mr. Zhao Weixiong as the executive deputy general manager of the Company. The meeting also removed Mr. Sun Jidong as the general manager and Ms. Zhou Jianqiu as the executive deputy general manager.

On 1 July 2015, the twenty-third meeting of the first session of the Board of the Company considered and approved the "Resolutions on the Appointment and Removal of the Supervisor of Finance of Holly Futures Co., Ltd." and appointed Ms. Wang Min as the supervisor of finance of the Company.

V. Remuneration Management of Directors, Supervisors and Senior Management

(I) Remuneration system and decision-making procedures of Directors, Supervisors and senior management

The remunerations and evaluations of the Directors of the Company shall be proposed by the Remuneration Committee and Nomination Committee of the Board and considered and approved by the general meeting; the remunerations of Supervisors shall be considered and determined by the general meeting; and the remunerations and evaluations of the senior management shall be proposed by the Remuneration Committee and Nomination Committee of the Board and determined by the Board.

(II) Basis of remunerations of Directors, Supervisors and senior management

The remunerations of internal Directors and Supervisors of the Company shall be determined according to the general meeting resolutions on the remunerations of Directors and Supervisors and such factors as the operating results of the Company, job responsibilities, performance and market environment. The remunerations of external Directors and Supervisors shall be proposed by the Remuneration Committee and Nomination Committee of the Board according to the industry and market conditions, and be implemented upon approval by the general meeting. The remunerations, rewards and punishments of the senior management of the Company shall be determined according to Board resolutions and taking into account the evaluation, incentive and restriction mechanism of the Company.

(III) Non-cash remuneration

The Company has not yet set up any equity incentive scheme, hence there is no non-cash remuneration.

(IV) Payment of remuneration to Directors, Supervisors and Senior Management

For details of payment of remuneration to Directors, Supervisors and senior management, please see “Basic Information about Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period” in this section. In 2015, the total remunerations of Directors, Supervisors and senior management of the Company amounted to RMB5,206 thousands.

For the year ended 31 December 2015, the remuneration of senior management fall within the following bands:

Bands (RMB)	Number of senior management
Below 1 million	7
Above 1 million	1

VI. Employees and Remuneration

(I) Headcount and composition

As at the end of the Reporting Period, the Company has a total of 652 full time employees, the composition of which is as follows:

Workforce statistics of Holly Futures Co., Ltd.				
Headcount (staff member)	652			
Type of employment	Full time			
Category	Sub-category	Number	Percentage	
Academic background	Ph.D.	4	0.61%	
	Master	74	11.35%	
	Undergraduate	420	64.42%	
	Diploma and below	154	23.62%	
Position	Futures brokerage	469	71.93%	
	Asset management	26	3.99%	
	Commodity trading and risk management	21	3.22%	
	Innovative business department	11	1.69%	
	Overseas business	9	1.38%	
	Research	16	2.45%	
	Audit and legal department and risk management	9	1.38%	
	IT	23	3.53%	
	Accounting and Finance	12	1.84%	
	Administration	56	8.59%	
Age	35 and below	498	76.38%	
	36 to 40	77	11.81%	
	41 to 50	66	10.12%	
	51 and above	11	1.69%	

(II) Remuneration of employees

The remuneration of the Company's employees is composed of basic salaries, allowances, performance bonuses and welfare. Basic salaries are a relatively fixed part of the remuneration and are the basic income of employees. As a supplement to basic salaries, allowances include those for special posts and professionals. Performance bonuses are distributed according to the results of performance evaluation in favor of the front-line employees with outstanding performance. For the year ended 31 December 2015, the total remuneration of employees, including remuneration of Directors, amounted to approximately RMB115 million. Details of which are set out in Note 6 to the financial statement of this report.

The Company provided employees with statutory welfare such as social insurance and housing provident fund according to relevant national provisions. Moreover, it offered employees enterprise annuity, supplementary medical insurance and other benefits to enhance their welfare.

(III) Training schemes

The Company made various training plans for employees at all levels in order to constantly improve the professional ability and quality of its executives.

The Company provided operation and management personnel with training programs centered on enhancing their understanding of the development of the securities industry, management theories and skills, strategic thinking ability, operation management ability, etc.; and offered training programs focused on improving business knowledge, product development and marketing skills and service abilities to employees of various business lines and departments. Moreover, it encouraged employees to study by themselves, take professional qualification exams, etc. in order to educate themselves and update their professional knowledge. Especially, it rewarded employees who have obtained qualifications for futures investment analysis, fund practitioner and futures practitioner in Hong Kong.

Corporate Governance Report

I. Overview of corporate governance

Listed in Hong Kong and registered in Mainland China, the Company operated in strict compliance with laws, regulations and normative documents at the listing place and in Mainland China, and kept committed to maintaining and improving its good social image. According to the Company Law, Securities Law and other laws, regulations and regulatory provisions, the Company has formed a corporate governance structure under which the general meeting, the Board, Supervisory Committee, and the management have their powers separated for checks and balances and perform their respective duties, so as to ensure regulated operation of the Company. The convening and voting procedures for general meetings and meetings of the Board and Supervisory Committee are legal and valid; the information disclosed by the Company is true, accurate and complete and is disclosed in time; management of investor relations is efficient and practical; and corporate governance is based on scientific, rigorous and normative procedures. The Company has adopted code provisions in the Corporate Governance Code. From the Listing Date to the end of the Reporting Period, the Company strictly complied with all code provisions of the Corporate Governance Code and met requirements for most recommended best practices specified in the Corporate Governance Code.

II. Shareholders and general meetings

(I) Rights of general meetings

The general meeting is the supreme authority of the Company and exercises its power according to laws, Articles of Association and Rules of Procedure for General Meetings. The Company convened general meetings in strict accordance with relevant provisions and ensured all shareholders could enjoy equal status and fully exercise their rights as shareholders. In 2015, the Company convened 4 general meetings, answered in detail the questions of shareholders, and carefully listened to the opinions and suggestions of the shareholders on the Company's development.

(II) General meetings

In the Reporting Period, the Company convened four general meetings in total, information and resolutions of which are set out as follows:

The Company held its first extraordinary general meeting for 2015 on 6 February 2015, at which it has passed resolutions in relation to waiving the Company's obligation of 15 days' notice to convene the first extraordinary general meeting for 2015, the Company's initial public offering of overseas listed foreign shares (H shares) to be listed and dealt in on the Main Board of The Stock Exchange of Hong Kong Limited, the Company's becoming being constituted of overseas offered and listed shares, reduction of state-owned shareholdings in the Company by shareholders of state-owned shares, the use of proceeds from the Company's H share offering, earnings retained before the Company's H share offering, authorizing at the general meeting the Company's board of directors or its agents to deal with at their sole discretion all matters relating to the public offering and listing of H shares at The Stock Exchange of Hong Kong Limited and the appointment of the domestic and international accountants of the Company for 2014;

The Company held its second extraordinary general meeting for 2015 on 13 April 2015, at which it has passed resolutions in relation to amendments to its Articles of Association, its Articles of Association (draft) proposed, its rules of procedures for general meetings, meetings of the Board and meetings of the Supervisory Committee, entering into service contracts with executive Directors, non-executive Directors, independent non-executive Directors and Supervisors, and its information disclosure management system for H shares and its management system for connected transactions;

The Company held the general meeting for 2014 on 9 June 2015, at which it has passed resolutions in relation to the 2014 Annual Working Report of the Board, 2014 Annual Working Report of the Supervisory Committee, 2014 Annual Report, 2014 Final Account Report, 2015 Financial Budget Report, 2014 Profit Distribution Plan, election of Directors, amendments to the Articles of Association and change in Directors of the Company.

The Company held its third extraordinary general meeting for 2015 on 27 November 2015, at which it has passed resolutions in relation to members of the second Board and of the second Supervisory Committee of the Company.

III. Performance of duties of Board

(I) Respective duties of the Board and the management

Powers and duties of the Board and the management have been specified in the Articles of Association of the Company to ensure adequate check and balance for sound corporate governance and internal control. The Board is responsible for: convening the general meeting and presenting the work report at the meeting; implementing the resolutions of the general meeting; resolving on the Company's business plans and investment plans; formulating the proposed annual financial budgets and final accounts of the Company; formulating the Company's profit distribution proposal and loss recovery proposal; formulating proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures or other securities and listing proposals; drawing up plans for any substantial acquisition, purchase of the Company's shares or the merger, division, dissolution and transformation of the Company; deciding upon external investment, purchase and sale of assets, assets mortgage, entrustment of financing, connected transaction and other matters within the scope set forth by the general meeting; deciding on the setup of Company's internal management bodies and branches; appointing or removing the general manager, chief risk officer and secretary to the Board; appointing or removing the deputy general manager, chief financial officer and other senior management personnel of the Company according to the nomination by the chairman or the general manager and determining their remunerations and disciplinary matters; drafting the basic management system of the Company, including transaction margin management system and risk management system; formulating the proposals for any amendment to the Articles of Association; managing the disclosure of the Company's information; proposing the appointment or replacement of an accounting firm that performs audits for the Company at the general meeting; listening to the work report of the chief risk officer and the general manager of the Company and examining on their work; resolving on the setting up of business departments of the Company; checking and approving the Company's any major transactions, very substantial disposals, very substantial acquisitions and reverse takeovers under the Listing Rules and submitting it to shareholders' approval; checking and approving any transactions that shall be disclosed except the Company's any major transactions, very substantial disposals, very substantial acquisitions or reverse takeovers under the Listing Rules; approving the connected transactions that are not required to be approved by the general meeting or announced under the Listing Rules; checking the connected transactions that shall be approved by the general meeting under the Listing Rules; developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board; reviewing and monitoring the training and continuous professional development of directors and senior management; developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The management shall perform the following major duties under the authorization of the Board of the Company: communicating the key instructions, decisions and work plans of supervisory bodies including the regulatory authorities (the CSRC, Jiangsu Securities Bureau, China Futures Association and Jiangsu Futures Association); implementing the decisions, resolutions and work plans of the Board of the Company; preparing draft of the strategic planning of the Company and making recommendation to the Board on strategic planning; preparing annual operational plan of the Company and submitting it to the Board for approval, and formulating the work plan for its implementation; preparing the annual investment plan of the Company and reviewing the annual investment plans of the subsidiaries, and submitting the plans to the Board for approval; formulating implementation plans in accordance with the investment plans approved by the Board. The management shall also formulate annual final account, financial budget plan and plan for recovering losses and submit them for the Board's approval; formulate proposals for the restructuring, bankruptcy, merger and reorganization, assets adjustment, property transfer, pledge, disposal, write-off and auction of assets of the Company, which will be submitted to the Board for approval and the controlling group. The management will study and review the proposals of the restructuring, bankruptcy, merger and reorganization, assets adjustment, property transfer, pledge, disposal, write-off and auction of assets of the subsidiaries to the extent as authorized, and shall submit the plans to the Board for approval and to the supervisory bodies according to the relevant regulations. The management shall be responsible for the preparation of plans in relation to external borrowings, financing and guarantees, which will be submitted to the Board for approval. It is also responsible for reviewing and approving the borrowings, financing and guarantees plans of the subsidiaries and approving those matters not stipulated in the plans. The management team will formulate the organizational structure adjustment and setup of the management functions and staff of the Company and the basic management system for approval of the Board, and explore and formulate detailed operational and management rules. With reference to the respective management authority of the Company, subsidiaries and branches, the management will serve as the management headquarter of the Company and supervise the subsidiaries and branches of the Company in accordance with laws.

(II) Composition of the Board

The Board kept improving its Rules of Procedure for Meeting of the Board, gave full play to the strengths of its special committees and further improved its efficiency and quality of decision-making. Independent non-executive Directors of the Company fulfilled their duties honestly and focused on protecting the interests of the Company as a whole, especially the interests of small and medium Shareholders, which ensured the independent and scientific decision-making of the Board.

At present, the Board comprised of seven Directors, of which two are executive Directors (Mr. Zhou Yong (chairman) and Ms. Zhou Jianqiu), two are non-executive Directors (Mr. Xue Binghai and Mr. Sun Changyu) and three are independent non-executive Directors (Mr. Li Xindan, Mr. Zhang Hongfa and Mr. Lam Kai Yeung). Ms. Zhang Jie, a former independent non-executive Director, resigned from the positions of independent non-executive Director, chairman of the remuneration committee and member of the nomination committee on 29 March 2016, while the current number of independent non-executive Directors meets relevant requirements under the Listing Rules and Articles of Association. Mr. Zhang Fasong, a former non-executive Director, resigned from the positions of non-executive Director and member of the risk management committee on 29 March 2016. Mr. Zhou Yong is the chairman of the Company and an executive Director, and Ms. Zhou Jianqiu is an executive Director and the general manager of the Company. Directors shall be elected at general meetings. A Director shall serve a term of three years, and may seek re-election upon expiry of the said term. The Company confirmed that it had received annual confirmations issued by each independent non-executive Director in respect of their independence according to Rule 3.13 of the Listing Rules. The Company further confirmed the independent non-executive Directors' respective independence from the Company.

The biographical details of each Director are set out in Section X Subsection III "Biographical Details of Directors, Supervisors and Senior Management".

(III) Insurance arrangements for Directors

To further facilitate Directors, Supervisors and senior management to fully and diligently fulfil their duties, the Company purchased liability insurance for Directors, Supervisors and senior management to control potential legal and regulatory risks in their performance of duties.

(IV) Board meeting

During the Reporting Period, the Board convened a total of 11 meetings as follows:

The 18th meeting of the first Board was held on 6 February 2015, at which it has passed resolutions in relation to waiving the Company's obligation of 15 days' notice to convene the first extraordinary general meeting for 2015, the Company's initial public offering of overseas listed foreign shares (H shares) to be listed and dealt in on the Main Board of The Stock Exchange of Hong Kong Limited, the Company's becoming being constituted of overseas offered and listed shares, reduction of state-owned shareholdings in the Company by shareholders of state-owned shares, the use of proceeds from the Company's H share offering, distribution of earnings retained before the Company's H share offering, authorizing at the general meeting the Company's board of directors or its agents to deal with at their sole discretion all matters relating to the public offering and listing of H shares at The Stock Exchange of Hong Kong Limited, the appointment of the domestic and international accountants of the Company for 2014, the increase of quotas for the Company's securities investment accounts, the Company's investment in dividend funds by internal capital, the engagement of intermediaries and relevant costs in relation to the Company's offering of H shares, the application for a share-linked options brokerage license by the Company and the convening of the Company's first extraordinary general meeting for 2015;

The 19th meeting of the first Board was held on 27 March 2015, at which it has passed resolutions in relation to amendments to the Company's Articles of Association, the Company's Articles of Association (draft) proposed, the Company's rules of procedures for general meetings and for meeting of the Board, entering into service contracts with executive Directors, non-executive Directors, independent non-executive Directors, Supervisors and senior management, the Company's information disclosure management system for H shares, the establishment of special committees under the Board and their rules of procedures for meeting, work rules for the secretary to the Board, amendments to certain regulations of the Company, the engagement of intermediaries and relevant costs in relation to the Company's offering of H shares, the establishment of a fund management company by external investments of the Company, the capital replenishment plan of the Company for 2015-2017 and the convening of the Company's second extraordinary general meeting for 2015;

The 20th meeting of the first Board was held on 20 April 2015, at which it has passed the resolution in relation to the annual report of the Company for 2014;

The 21st meeting of the first Board was held on 7 May 2015, at which it has passed the resolution in relation to the appointment of the general manager and executive deputy general managers of the Company;

The 22nd meeting of the first Board was held on 19 May 2015, at which it has passed resolutions in relation to the 2014 Annual Working Report of the Board, 2014 Final Account Report, 2015 Financial Budget Report, 2014 Profit Distribution Plan, election of Directors, establishment of a risk management committee under the Board and the rules of procedures for meeting thereof, composition of special committees under the first Board, amendments to the Articles of Association, the Articles of Association (draft) proposed, the engagement of intermediaries and relevant costs in relation to the offering of H shares, approving and confirming the disposal of shares in Chang Hang You Yun, increasing registered capital, reorganizing investment decision makers of the asset management business, acquiring public offering funds with internal capital and convening the annual general meeting for 2014 of the Company;

The 23rd meeting of the first Board was held on 1 July 2015, at which it has passed resolutions in relation to incentives specific to the management and dismissal of the chief financial officer of the Company;

The 24th meeting of the first Board was held on 10 July 2015, at which it has passed resolutions in relation to the composition of the Board, confirming and appointing relevant authorized representatives of the Company, engaging joint company secretaries of the Company, registration of the Company as a non-Hong Kong company and submission of documents of the Company and other matters relating to the A1 form;

The 25th meeting of the first Board was held on 10 August 2015, at which it has passed the resolution in relation to the establishment of a fund management company by external investments of the Company;

The 26th meeting of the first Board was held on 29 September 2015, at which it has passed resolutions in relation to the additional financial assets investment plan for 2015, the internal control manual and the engagement of intermediaries and relevant costs in relation to offering of H shares of the Company;

The 27th meeting of the first Board was held on 13 November 2015, at which it has passed resolutions in relation to the election of members of the second Board, amendments to certain regulations of the Company, assignment of debt by Holly Capital to Holly Logistics and convening of the Company's third extraordinary general meeting for 2015; and

The first meeting of the second Board was held on 5 December 2015, at which it has passed resolutions in relation to approving matters relating to the publishing of listing documents by the Company, approving matters relating to the global offering of H shares by the Company, the election of the chairman of the second Board, the composition of the special committees under the second Board, amendments to the Company's Articles of Association (draft) and continuing connected transactions between the Company and Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu Holly Corporation.

(V) Objections from independent non-executive Directors to issues of the Company

Nil.

(VI) Attendances of Directors at Board meetings and general meetings

1. Attendances and voting of Directors at Board meetings

During the Reporting Period, the attendances and voting of Directors at Board meetings are as follows:

Name	Number of Board meeting to be attended	Number of Board meeting attended in person	Number of Board meeting attended by proxy	Number of absences	Number of proposals to be voted on	Number of proposals voted on	Remarks
Zhou Yong	11	11	0	0	65	65	
Zhou Jianqiu	6	6	0	0	21	21	Appointed as an executive Director on 9 June 2015
Xue Binghai	11	11	0	0	65	65	
Zhang Fasong	11	11	0	0	65	65	Resigned on 29 March 2016
Sun Changyu	1	1	0	0	6	6	Appointed as a non-executive Director on 27 November 2015
Li Xindan	11	10	1	0	65	65	
Zhang Hongfa	11	10	1	0	65	65	
Lam Kai Yeung	6	6	0	0	21	21	Appointed as an independent non-executive Director on 9 June 2015
Zhang Jie	11	8	3	0	65	65	Resigned on 29 March 2016
Guo Wen	5	5	0	0	44	44	Resigned on 9 June 2015
Chen Shuai	5	5	0	0	13	13	Appointed as a Director on 9 June 2015 and resigned on 12 November 2015

2. Attendances of Directors at general meetings

During the Reporting Period, the attendances of Directors at general meetings are as follows:

Name	Number of general meeting to be attended	Number of general meeting attended in person	Number of absences	Remarks
Zhou Yong	4	4	0	
Zhou Jianqiu	1	1	0	Appointed as an executive Director on 9 June 2015
Xue Binghai	4	4	0	
Zhang Fasong	4	4	0	Resigned on 29 March 2016
Sun Changyu	1	1	0	Appointed as a non-executive Director on 27 November 2015
Li Xindan	4	3	1	
Zhang Hongfa	4	2	2	
Lam Kai Yeung	1	0	1	Appointed as an independent Director on 9 June 2015
Zhang Jie	4	1	3	Resigned on 29 March 2016
Guo Wen	2	2	0	Resigned on 9 June 2015
Chen Shuai	1	1	0	Appointed as a Director on 9 June 2015 and resigned on 12 November 2015

(VII) Training for Directors

Prior to the listing of the Company, all Directors received the relevant guiding materials and attended trainings on duties and authorities of Directors, applicable laws and regulations, duties on disclosure of interests and business of the Group. The guiding materials and relevant summary will be provided to newly appointed intending Directors. The Company will arrange for the continuous briefings and professional development for the Directors as necessary.

All Directors have provided training attendance records. The Company will continue to arrange or provide the relevant trainings in accordance with the requirements of Code Provision A.6.5 of the Corporate Governance Code.

Trainings received by the Directors for the year ended 31 December 2015 according to information provided by them are summarized as follows:

1. On 9 June 2015, Zhou Yong, Zhou Jianqiu, Xue Binghai, Zhang Fasong, Chen Shuai, Li Xindan, Zhang Jie, Zhang Hongfa and Lam Kai Yeung received training about regulations on listed companies of Hong Kong.
2. On 9 November 2015, Sun Changyu received training about regulations on listed companies of Hong Kong.
3. On 14 December 2015, Zhou Yong and Zhou Jianqiu received training about overseas road shows.

IV. Special committees of the Board and duty performance

The Company has established under the Board four special committees, namely the audit committee, nomination committee, remuneration committee and risk management committee.

During the Reporting Period and as at the date of this report, the composition of such committees is as follows:

Name of Committee	Members (during the Reporting Period)	Members (as at the date of this report)
Audit committee	Lam Kai Yeung (chairman) Xue Binghai Zhang Hongfa	Lam Kai Yeung (chairman) Xue Binghai Zhang Hongfa
Remuneration committee	Zhang Jie (chairman) Sun Changyu Li Xindan	Zhang Hongfa (chairman) Sun Changyu Li Xindan (the former chairman of the remuneration committee, being Zhang Jie, resigned on 29 March 2016)
Nomination committee	Zhou Yong (chairman) Zhang Jie Zhang Hongfa	Zhou Yong (chairman) Zhang Hongfa Li Xindan (a former member of the nomination committee, being Zhang Jie, resigned on 29 March 2016)
Risk management committee	Li Xindan (chairman) Xue Binghai Zhang Fasong Zhou Jianqiu	Li Xindan (chairman) Xue Binghai Zhou Jianqiu (a former member of the risk management committee, being Zhang Fasong, resigned on 29 March 2016)

(I) Audit committee

Pursuant to the Board resolution passed on 19 May 2015, the Company has established the Audit Committee (the "Audit Committee") in accordance with Rule 3.21 and 3.22 of the Listing Rules, with written terms of reference. The written terms of reference of the Audit Committee were adopted in compliance with Code Provision C.3.3 and C.3.7 and are available on the websites of the Company and the Hong Kong Stock Exchange.

The main duties of the Audit Committee are: proposing to the Board the appointment and replacement of external audit firms, supervising the implementation of the internal audit system, liaising between the internal audit department and external auditors, reviewing financial information and related disclosures, and other duties conferred by the Board. As at 31 December 2015, the Audit Committee comprises three members, including two independent non-executive Directors, namely Mr. Lam Kai Yeung (Chairman) and Mr. Zhang Hongfa, as well as an non-executive Director Mr. Xue Binghai.

The Audit Committee has not held any meetings between the Listing Date and 31 December 2015. From the Listing Date to the date of this annual report, the Board has no disagreement with the Audit Committee on the selection, appointment, designation or removal of the external auditor.

(II) Remuneration committee

Pursuant to the Board resolution passed on 19 May 2015, the Company has established the Remuneration Committee (the "Remuneration Committee") in accordance with Rule 3.25 and 3.26 of the Listing Rules, and adopted the written terms of reference. The written terms of reference of the Remuneration Committee were adopted in compliance with Code Provision B.1.2 and are available on the websites of the Company and the Hong Kong Stock Exchange.

The main duties of the Remuneration Committee are: establishing, reviewing and making recommendations to the Directors on the policy and structure concerning remuneration of the Directors and senior management, determining the terms of the specific remuneration package of each Director and member of senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors, and other duties conferred by the Board. The remuneration of Executive Directors is determined based on their skills, knowledge, individual performance and contribution, duties and responsibilities, with reference to the performance of the Company and the prevailing market conditions. The remuneration policy of Independent Non-executive Directors aims to providing sufficient compensation to the Independent Non-executive Directors for their efforts and time for participating the Company's affairs, including attending the meetings of Board committees. The remuneration of Independent Non-executive Directors is based on their skills, experience, knowledge, responsibility and market conditions. As of 31 December 2015, the Remuneration Committee comprises three members, including two Independent Non-executive Directors, namely Ms. Zhang Jie (Chairman) and Mr. Li Xindan, as well as one Non-executive Director, Mr. Sun Changyu.

Details of the Directors' remuneration are set out in Note 8 of the consolidated financial statements.

The Remuneration Committee has not held any meetings between the Listing Date and 31 December 2015.

The Remuneration Committee has adopted the model where it reviewed the proposals made by the management on the remuneration of Executive Directors and senior management, and made recommendations to the Directors. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

(III) Nomination committee

The Company has established the Nomination Committee (the "Nomination Committee") on 19 May 2015 with written terms of reference in accordance with Code Provision A.5.2. of the Corporate Governance Code. The written terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

The main duties of the Nomination Committee are: reviewing the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identifying, selecting or making recommendations to the Board on the selection of individuals to be nominated for directorships, assessing the independence of the independent non-executive Directors, making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors, and other duties conferred by the Board. As of 31 December 2015, the Nomination Committee comprises three members, including one Executive Director Mr. Zhou Yong (Chairman) and two Independent Non-executive Directors, namely Ms. Zhang Jie and Mr. Zhang Hongfa.

The Nomination Committee has not held any meetings between the Listing Date and 31 December 2015, as no new Directors were appointed during that period.

In identifying suitable candidates to become Board members, the Nomination Committee will take into account the skills, experience, education background, professional knowledge, integrity and time commitment of the candidates, as well as the Company's needs and other requirements under laws and regulations in relation to the position. All candidates must fulfil the criteria set under Rule 3.08 and 3.09 of the Listing Rules. Candidates to be appointed as Independent Non-executive Directors must also fulfil the independence requirements under Rule 3.13 of the Listing Rules. The Nomination Committee will recommend the qualified candidates to the Board for approval.

(IV) Risk Management committee

Pursuant to the Board resolution passed on 19 May 2015, the Company has established the Risk Management Committee (the "Risk Management Committee") with written terms of reference.

The main duties of the Risk Management Committee are: regularly identifying current and emerging risks in the business operations, reviewing and assessing the risk management strategies and making recommendations, establishing precautionary risk management and internal control systems and providing mitigating solutions, and other duties as conferred by the Board.

As at 31 December 2015, the Risk Management Committee comprises four Directors, including Executive Director Ms. Zhou Jianqiu, two Non-executive Directors Mr. Xue Binghai and Mr. Zhang Fasong and one Independent Non-executive Director Mr. Li Xindan (Chairman).

The Risk Management Committee has not held any meetings between the Listing Date and 31 December 2015.

(V) Meetings of the special committees

On 29 February 2016, the Remuneration Committee considered and approved the "Resolutions on Remuneration Proposal for Independent Directors".

On 29 March 2016, the Remuneration Committee considered and approved the "2015 Remuneration Proposal for Directors, Supervisors and Senior Management of Holly Futures Co., Ltd." and the "Resolution on Appointing Mr. Zhang Hongfa as Chairman of Remuneration Committee of the Board".

On 29 March 2016, the Nomination Committee considered and approved the "Resolution on Appointing Mr. Zhang Ke as Non-executive Director of Second Session of the Board of Holly Futures Co., Ltd.".

On 29 March 2016, the Audit Committee considered and approved the "Resolution on Audited Consolidated Financial Statement (Draft) of Holly Futures Co., Ltd. for the Year Ended 31 December 2015 prepared under the Hong Kong Accounting Standards", "Resolution on Audited Consolidated Financial Statement (Draft) of Holly Futures Co., Ltd. for the Year Ended 31 December 2015 prepared under China Accounting Standards", "Resolution on Audited Annual Results Announcement (Draft) of Holly Futures Co., Ltd. for the Year Ended 31 December 2015", "Resolution on H Shares 2015 Annual Report (Draft) of Holly Futures Co., Ltd.", "Resolution on 2015 Annual Report of Holly Futures Co., Ltd. Pursuant to Requirements of CSRC", "Resolution on 2015 Final Account Report of Holly Futures Co., Ltd." and "Resolution on Re-appointment of Accounting Firm of Holly Futures Co., Ltd. for 2016".

On 29 March 2016, the Risk Management Committee considered and approved the "Resolution on Risk Management and Internal Control System of Holly Futures Co., Ltd.".

V. Chairman and general manager

The positions of the chairman and general manager of the Company are taken by different persons, so as to guarantee the independence of their duties and balance of authorization. Mr. Zhou Yong served as the chairman of the Board and Ms. Zhou Jianqiu served as the general manager. Their duties and authorities are clearly divided and specified in the Articles of Association. The chairman Mr. Zhou Yong leads the Board in determining the Company's development strategy to guarantee the effective operation and duties fulfilment of the Board, and fully discusses the issues within the scope of the Board's duties, so as to ensure that the Directors can acquire true, accurate and complete information for making decisions in time, the Company can comply with well-established corporate governance procedures and the decisions of the Board are in the best interest of the Company and its Shareholders as a whole. Ms. Zhou Jianqiu, the general manager, acts as the legal representative and manages the business operations of the Company, organizes execution of the Board's resolutions, and reports relevant work to the Board.

VI. Non-executive Directors and independent non-executive Directors

During the Reporting Period, the Company had five non-executive Directors (including Guo Wen and Chen Shuai, each of who had resigned in the Reporting Period) and four independent non-executive Directors. Throughout the period from the Listing Date to 31 December 2015, the Company has been in compliance with the requirement of the Listing Rules in relation to appointment of at least three independent non-executive directors, including one who has appropriate professional qualifications or majors in accounting or related financial management. The Company has signed a letter of appointment with each non-executive Director, specifying a term of three years. Their positions are specified in Section X "I. Basic Information about Current and Resigned Directors, Supervisors and Senior management during the Reporting Period" of this report. Ms. Zhang Jie, an independent non-executive Director, and Mr. Zhang Fasong, a non-executive Director, both resigned on 29 March 2016 effective on the same date.

VII. Supervisory Committee and duty performance

(I) Duties of the Supervisory Committee

The Supervisory Committee shall be accountable to the general meetings. Its main duties and authorities are: to monitor the financial activities of the Company; to supervise the performance of duties of Directors, general manager and senior management; to propose the removal of Directors and senior management who have acted in breach of the laws, administrative regulations, the Articles of Association or the resolutions passed at the general meeting; to request the Directors, general manager and senior management to conduct rectification for their actions that caused damage to the interests of the Company; to review financial information including the financial reports, business reports and profit distribution proposals to be submitted by the Board to the general meeting, and to engage, in the name of the Company, certified public accountants and practicing auditors to assist in the review of such information should any doubts arise; to propose extraordinary general meetings be convened, and to convene and preside over a general meeting in the event that the Board fails to perform the duties of convening and presiding over a general meeting; to negotiate with Directors and senior management and file lawsuit against Directors and senior management on behalf of the Board to make proposals at the general meeting; and to propose extraordinary meetings of the Board be convened.

(II) Meetings of the Supervisory Committee and attendance of Supervisors

The Supervisory Committee performs its relevant duties according to relevant laws and regulations and the Articles of Association. The Supervisory Committee convened four meetings during the Reporting Period, which are summarized as follows:

The Company convened the sixth meeting of the first Supervisory Committee on 18 April 2015, at which it has approved the resolution on the rules of procedures for the meeting of the Supervisory Committee, the seventh meeting thereof on 19 May 2015, at which it has approved the 2014 Annual Working Report of the Supervisory Committee and 2014 Annual Report, the eighth meeting thereof on 13 November 2015, at which it has passed the resolution in relation to the election of members of the second Supervisory Committee, and the first meeting of the second Supervisory Committee on 5 December 2015, at which it has passed the resolution in relation to the election of the chairman of the second Supervisory Committee.

Name	Number of meeting to be attended	Number of meeting attended	Remarks
Xu Yingying	4	4	–
Pu Xuenian	4	4	–
Wang Jianying	4	4	Elected at the fifth extraordinary general meeting for 2014 held on 25 December 2014

VIII. Other related matters

(I) Shareholders' Right

The Company convened and held general meetings according to the Articles of Association and Rules of Procedure for General Meetings to guarantee the equal status and full exercise of rights for all shareholders, especially the small and medium Shareholders. All of the Company's Directors, Supervisors and senior management attended the general meetings and answered the shareholders' questions in accordance with Articles of Association.

(II) Compliance with Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules concerning the securities transactions by Directors and Supervisors. The Company has made specific inquiries to all the Directors and Supervisors for the compliance with Model Code. All Directors and Supervisors confirmed that they completely observed the Model Code from the Listing Date of the Company to the end of the reporting period.

The Company has adopted the Model Code for supervising the unpublished price-sensitive information of the Company or its securities that is likely possessed by its employees. In the Reporting Period, the Company did not find any employee's violation of the Model Code.

The Board will check the Company's corporate governance and its implementation from time to time to meet the requirements of the Listing Rules and protect the interest of the shareholders.

(III) Responsibilities of Directors concerning financial statements

The declarations of the responsibilities of Directors concerning financial statements set out hereinafter and the responsibilities of CPAs in the Independent Auditor's Report of this report shall be read jointly but understood independently.

All the Directors of the Company confirmed their responsibility of preparing the financial statements that can truly reflect the Company's operating results for each financial year. To the knowledge of the Directors, no event or circumstance that may cause material adverse impact on the Company's continuous operations needs to be reported.

(IV) Appointment and remuneration of auditors

In 2015, the Company appointed KPMG Huazhen (Special General Partnership) Shanghai branch and KPMG as its external audit firms for 2015 to respectively provide related audit and review services based on the China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards. The expenses related to the audit service are set out in Section VIII "VIII. Engagement of accounting firm" of this report.

(V) Review of the Audit Committee

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Company's consolidated financial statement for the year ended 31 December 2015.

(VI) Company Secretary

Mr. Zhao Weixiong, secretary to the Board and one of the joint company secretaries, is responsible for making proposals to the Board on corporate governance and ensuring the policies and procedures of the Board, applicable laws, rules and regulations are observed. In order to maintain sound corporate governance and comply with the Listing Rules and applicable Hong Kong laws, the Company appointed Ms. Leung Wing Han Sharon, vice president of SW Corporate Services Group Limited, as the other joint company secretary of the Company to assist Mr. Zhao Weixiong in fulfilling his duties as the secretary to the Board and a joint company secretary of the Company. The Company's main contact person is Mr. Zhao Weixiong, the secretary to the Board and the joint company secretary of the Company. For the year ended 31 December 2015, Mr. Zhao Weixiong and Ms. Leung Wing Han Sharon accepted no less than 15 hours of professional trainings in accordance with Rule 3.29 of the Listing Rules.

(VII) Communications with shareholders

The general meeting shall be the supreme authority of the Company. All shareholders exercise their power through the general meeting. The Company formulated corresponding systems to ensure the compliance of the convening and holding of the general meetings. The Company explicitly specified shareholders' rights in the Articles of Association, to ensure the shareholders' right to know, especially the minority shareholders. The Company treated all shareholders impartially.

Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the Shareholders in the Shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Any Shareholder who intends to attend the meeting shall deliver to the Company a written reply stating his or her intention to attend 20 days prior to the meeting.

Where the Company convenes a general meeting, the Board, the Supervisory Committee and Shareholder(s) severally or jointly holding 3.0% or more Shares are entitled to submit written new proposals to the Company. Matters mentioned in proposals which are within the scope of the powers of the general meeting shall be included in the meeting agenda.

Shareholder(s) severally or jointly holding more than 3.0% Shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting to other Shareholders within two days after receipt of a proposal, and announce the contents of provisional proposals.

The Company shall calculate the number of Shares with voting rights represented by the Shareholders planning to attend the general meeting in accordance with the written replies received 20 days before the meeting is convened. Where the number of voting Shares represented by Shareholders intending to attend the meeting amounts to more than one half of the Company's total voting Shares, the Company may convene the general meeting; if not, the Company shall, within five days, notify Shareholders again of the issues to be considered, date and venue of the meeting in the form of public announcements. The Company may then convene the general meeting after such announcements.

Any Shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who need not be a Shareholder or Shareholders) as his proxies to attend and vote on his behalf. The said proxy may exercise the following rights as granted by the said Shareholder:

1. To exercise the said Shareholder's right to speak at the general meeting;
2. To severally or jointly request to vote by ballot; and
3. To exercise the right to vote by a show of hand or ballot; where there are more than one proxy, the said proxies shall only vote by ballot, unless otherwise prescribed by applicable securities listing rules or other securities laws and regulations.

The power of attorney shall be in writing under the hand of the principal or his proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of a Director or a proxy duly authorised.

The procedures for convening an extraordinary general meeting or a class meeting upon requisition of the Shareholders shall be as follows:

1. Two or more than two Shareholders who separately or jointly hold 10.0% or more of the Shares carrying voting rights may request the Board to convene an extraordinary general meeting or class meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board shall convene an extraordinary general meeting or class meeting as soon as practicable upon receipt of the aforesaid written requirement. The aforesaid number of shareholding is calculated as at the date of the submission of the written requirement by the Shareholders; and
2. If the Board fails to issue the notice to convene the meeting within 30 days after it received the aforesaid request, the Shareholders proposing the request may convene the meeting at its own discretion within four months after the Board has received the request. The meeting shall be convened in a manner which is as similar as possible to that of general meeting convened by the Board.

If the Shareholders call and convene a meeting by themselves as a result of the Board's failure to convene a meeting in accordance with the aforesaid requirement, the expenses reasonably incurred therefrom shall be borne by the Company and be deducted from the amounts due to the Directors of the Company who neglect his duties.

The chairman shall preside over and act as chairman of the general meeting. If the chairman cannot attend the general meeting, a Director shall be elected by the Board to preside over and act as chairman of the meeting. If no chairman is elected by the Board, the Shareholders attending the meeting shall elect the chairman. If for any reason the Shareholders cannot elect a person to act as chairman, the Shareholder (including agent thereof) holding the most Shares among the attending Shareholders shall act as chairman of the meeting. Where the general meeting is convened by the Supervisory Committee itself, the chairman of the Supervisory Committee shall preside over and act as chairman of the meeting. If the chairman of the Supervisory Committee cannot or does not fulfill the duty thereof, more than half of the Supervisors may jointly elect a Supervisor to preside over and act as chairman of the meeting. Where the general meeting is convened by the Shareholders themselves, the convener shall elect a representative to preside over the meeting. Where a general meeting is held and the chairman of the meeting violates the rules of procedure for meeting which makes the general meeting unable to continue, a person may be elected at the general meeting to act as chairman, subject to the approval of more than half of the attending Shareholders having the voting rights.

There are persons specially designated for contacting with Shareholders. The Company attaches great importance to opinions and suggestions of shareholders and tries to meet their reasonable requests in time.

The Company set "Investor Relations" column on its website www.ftol.com for publishing such information as announcements and financial data of the Company. Shareholders can also directly call the Company to inquire about relevant informant, and the Company will deal with such inquiry in a timely and proper manner. For contact details, please refer to Section IV "I. Basic Information about the Company" of this report.

The Company welcomed all Shareholders attending general meetings and facilitated their attendance in a permitted range. The Company's Directors, Supervisors and senior management will attend general meetings and the Board shall answer questions at the meeting. The management of the Company shall ensure that the external auditors can attend the annual general meeting and answer relevant questions put forward by shareholders.

(VIII) Investor relation activities

The Company has always given priority to continuous enhancement of Shareholder value, paid high attention to investor relations management, gradually established clear two-way communication channels with investors and kept improving the corporate governance structure. During the Reporting Period, the Company communicated with investors through ways like conducting roadshows, making phone calls, sending emails and receiving visitors, and treated all investors equally to ensure that all Shareholders can fully exercise their rights. The Company organized roadshows in Hong Kong and Mainland China, and visited local and overseas investors, which effectively promoted investors' understanding and recognition of the Company. During the Reporting Period, the Company disclosed information in a truthful, accurate, complete and timely manner in strict accordance with laws, regulations and regulatory provisions, to ensure that investors are informed of the Company's material matters in time and thereby protecting their interests to the greatest extent.

(IX) Board diversity policy

The Company has adopted the board diversity policy according to Code Provision A.5.6 of the Corporate Governance Code.

The Company's board diversity policy can be summed up as follows: the Company understands and believes that board diversity is beneficial to the Company, and views it as an important element in maintaining its competitive edge. In designing the Board's composition, the Company takes into account multiple aspects of board diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service, etc. All Board appointments will be based on meritocracy, and candidates will be considered with due regard of the capacity, skill and experience required for the overall operation of the Board, so as to ensure the proper balance of the members of the Board.

The Nomination Committee under the Board of the Company will review and assess the composition of the Board, and provide suggestions to the Board on the appointment of new Directors. The Nomination Committee under the Board of the Company will discuss annually all the measurable objectives for implementing the board diversity, and provide relevant suggestions on the objectives to the Board.

(X) Articles of Association

From the Listing Date up to the end of the Reporting Period, the Company did not make any change to its Articles of Association and the Rules of Procedure for Meeting of the Board.

(XI) Internal control

1. Building of internal control system

Since its establishment, the Company has always focused on the building of internal rules and regulations and management system. The continuous formation, effective implementation and improvement of various internal systems have laid a solid foundation for the regulated development of the Company.

The Company has always attached great importance to compliance and risk management and has set up a sound internal control system in strict accordance with the requirements of the regulatory authorities and the relevant laws and regulations, including the Rules for Administration of Futures Trading and the Measures for Administration of Futures Companies. By reinforcing the daily check and supervision of chief risk officer and compliance department, the Company has improved the implementation of the internal control system so as to ensure the compliant and steady development of the Company and has supported the building of internal control as central to its business development.

As at the end of the Reporting Period, the Company has built an internal control system suitable for its business nature, scale and complexity, guaranteed the legitimacy and compliance of operation management, the safety of assets and authenticity and integrity of financial reporting and relevant information, and improved operating efficiency and performance.

During the Reporting Period, the Company has built an internal control system for material information, procedures for handling and publishing price-sensitive information and internal control measures.

The Company has, according to the regulatory requirements, established and improved systems concerning Chinese Wall and insider registration management, which prevented the misuse and spread of sensitive information. Meanwhile, the Company has disclosed information in a truthful, accurate, complete and timely manner according to laws, regulations, the Listing Rules, the Articles of Association and administrative measures for the disclosure of information, so that all shareholders have equal and timely access to relevant information of the Company.

As at the date hereof, the Risk Management Committee under the Board has conducted a review on the management and internal control of the Company and its subsidiaries and considers the risk management and internal control systems of the same are effective.

2. Evaluation of internal control

On 28 March 2016, the audit institution of the Company, KPMG, produced Assurance Report on Internal Control of Holly Futures Co., Ltd. regarding the Company's internal control, believing based on its understanding of and test on the internal control and evaluation and audit of the financial statements of the Company that the Company has maintained effective internal control over financial reporting in all material respects on 31 December 2015 according to the Basic Standard for Enterprise Internal Control and relevant regulations.

Establishing a sound internal control system and effectively implementing and improving it are the responsibilities of the Board and the management of the Company. The objectives of the Company's internal control are to: ensure the legitimacy and compliance of operation and implementation of internal rules and regulations; prevent operational risks and ethics risks; guarantee the safety and integrity of the assets of the customers and the Company; ensure the reliability, integrity and timeliness of the Company's business records, financial information and other information; and improve the Company's operating efficiency and performance.

As internal control has inherent limitations, there may be unidentified misstatement due to errors or malpractice. Furthermore, the practice of forecasting the future effectiveness of internal control based on relevant evaluation faces the risk that changes in circumstances may render the internal control inappropriate or affect the implementation of relevant control policies and procedures. Accordingly, the internal control effective during this period may not be effective in the future. The Company therefore sets up check and supervision mechanism for its internal control system. Once any defect of the internal control is identified, the Company will take responsive correction measures.

The Board of the Company has evaluated the internal control according to the Basic Standard for Enterprise Internal Control. Based on the identification of significant defects in internal control over the Company's financial reporting, as at the benchmark date of the internal control evaluation report (31 December 2015), the Company did not have any significant defect in internal control over financial reporting. The Board was of the view that the Company has maintained effective internal control over financial reporting in material aspects according to Basic Standard for Enterprise Internal Control and relevant regulations; based on identification of material defects in internal control over the Company's non-financial reporting, as at the benchmark date of the internal control evaluation report, the Company did not find any material defect in internal control over non-financial reporting.

3. Report of other matters

(1) *Building of compliance system*

During the Reporting Period, under the continuous supervision and guidance of regulatory authorities, the Company, in strict accordance with relevant laws, regulations and rules, carefully organized and implemented various supervision and self-regulatory requirements, carried out various compliance works in a deep-going way, kept improving the Company's compliance management mechanism and focused on improving the Company's control over compliance risks.

Build and improve compliance management organizational structure. The Company built a four-tier compliance management organization system covering the Board, Risk Management Committee under the Board, chief risk officer, Audit And Legal Department and compliance officers of various branches of all departments. Internal audit was carried out under the supervision of the chief risk officer. The Company allocated qualified officers in time in setting up new departments and branches. Compliance management was supervised by and reported to the Audit and Legal Department. The responsibilities of persons at all levels were clearly defined and the communication and reporting channels were effective.

Keep improving the Company's compliance management system. In 2015, the Audit and Legal Department studied, formulated and amended the Internal Control Handbook of the Company, the Branch Management System of Holly Futures Co., Ltd., the Business System of Holly Futures Co., Ltd., the Internal Reporting System for Material Information of Holly Futures Co., Ltd., the Internal Audit Standards of Holly Futures Co., Ltd., the Recruitment Management Measures for Senior Management of Holly Futures Co., Ltd., the Evaluation Measures for Duty Performance of Senior Management of Holly Futures Co., Ltd., the Performance Appraisal and Remuneration Incentive System of Senior Management of Holly Futures Co., Ltd., the Senior Management Dismissal Management Measures of Holly Futures Co., Ltd., the Information Public Disclosure Management System of Holly Futures Co., Ltd., as well as the Rules of Procedures for Meetings of the General Manager's Office of Holly Futures Co., Ltd., and these systems were implemented upon the date of consideration and approval by the Board. Various compliance management systems applicable upon listing, including the Connected Transaction Management System of Holly Futures Co., Ltd., were also passed. Based on the regulatory requirements and business management needs, the Compliance Department reminded and directed in various forms relevant departments to sort out and improve procedures of relevant systems.

Report of Supervisory Committee

In 2015, the Supervisory Committee comprehensively fulfilled its supervision duties over members of the Board, managers and other senior management of the Company as authorized at the general meetings in accordance with the Company Law and the Articles of Association.

I. Performance of Supervisory Committee

The first Supervisory Committee convened a total of three meetings for 2015, specifically:

Date	Session	Attendance	Agenda	Results
8 April 2015	6th meeting of the first Supervisory Committee	Xu Yingying, Pu Xuenian and Wang Jianying	To approve the rules of procedures for the meeting of the Supervisory Committee of Holly Futures Co., Ltd.	Passed
19 May 2015	7th meeting of the first Supervisory Committee	Xu Yingying, Pu Xuenian and Wang Jianying	1. 2014 Annual Working Report of the Supervisory Committee 2. 2014 Annual Report	Passed
13 November 2015	8th meeting of the first Supervisory Committee	Xu Yingying, Pu Xuenian and Wang Jianying	Election of members of the second Supervisory Committee	Passed

The second Supervisory Committee convened a total of one meeting for 2015, specifically:

Date	Session	Attendance	Agenda	Results
5 December 2015	1st meeting of the second Supervisory Committee	Xu Yingying, Pu Xuenian and Wang Jianying	Election of the chairman of the second Supervisory Committee	Passed

II. Independent opinion of Supervisory Committee on legality of Company's operation

In the opinion of the Supervisory Committee:

1. in 2015, with solicitude and support from all its Shareholders and the diligent work of all the staff, the Company operated in compliance with the Company Law and the Articles of Association, and its procedures for making decisions on operation are lawful and up to standard, thus making satisfactory results.
2. the Board was able to operate in accordance with the Company Law, the Regulations for the Administration of Futures Trading (《期貨交易管理條例》) and other relevant laws and regulations and the Articles of Association and the Company had in place lawful decision-making procedures, where the Directors, managers and other senior management were able to perform their duties in accordance with laws and regulations and the Articles of Association and exercise their powers in a proper and diligent manner without any act in violation of laws, regulations or the Articles of Association or contrary to the interest of the Company or the Shareholders.

III. Independent opinion of Supervisory Committee on Company's financial position

In 2015, the Company prudently and conscientiously observed the new accounting principles based on their importance. During the Reporting Period, the Company's financial structure was reasonable and assets were in good condition, and the annual financial report was able to give a true and accurate reflection of the Company's financial position and operating results. A domestic and an international audit reports with standard unqualified opinion were issued by each of the Shanghai branch of KPMG Huazhen (Special General Partnership) and KPMG respectively.

IV. Review of Supervisory Committee on self-assessment report of internal control

The Supervisory Committee has conducted a review on the Company, and considered that the Company has established an appropriate internal control system in all material aspects and the internal control management system has operated effectively, thus ensuring its consistent implementation and normal production and operation.

V. Implementation of Resolutions Adopted at General Meetings

The members of the Supervisory Committee had no objection to the contents of resolutions submitted to the general meetings. The Supervisory Committee supervised the implementation of resolutions adopted at the general meetings, and considered that the Board was able to implement the relevant resolutions earnestly.

On behalf of the Supervisory Committee
Xu Yingying
Chairman

Nanjing, China, 30 March 2016

Independent Auditor's Report



Independent auditor's report to the board of directors of Holly Futures Co., Ltd.
(Incorporated in the People's Republic of China with joint stock limited liability)

We have audited the consolidated financial statements of Holly Futures Co., Ltd. ("the Company") and its subsidiaries (together "the Group") set out on page 105 to 176, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Auditor's Responsibility (continued)

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

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

Opinion

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

KPMG

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

30 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2015	2014
Revenue	3	292,583	273,875
Net investment gains	4	26,606	17,246
Operating income		319,189	291,121
Other income	5	4,190	4,366
Operating expenses		(233,362)	(218,586)
Profit from operations		90,017	76,901
Share of losses of associates		(541)	(519)
Profit before taxation	6	89,476	76,382
Income tax expense	7	(19,306)	(18,178)
Profit for the year		70,170	58,204
Earnings per share	10		
Basic		0.1031	0.0856
Diluted		0.1031	0.0856

The notes to financial statements on pages 111 to 176 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2015	2014
Profit for the year		70,170	58,204
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Net change in fair value		(9,583)	2,027
Reclassified to profit or loss		4,117	89
Exchange differences on translation of financial statements in foreign currencies		829	(16)
Other comprehensive income for the year, net of tax	11	(4,637)	2,100
Total comprehensive income for the year		65,533	60,304

The notes to financial statements on pages 111 to 176 form part of these financial statements.

Consolidated Statements of Financial Position

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	31 December 2015	31 December 2014
Non-current assets			
Property, plant and equipment	12	11,922	13,446
Goodwill	13	43,322	43,322
Intangible assets	14	24,099	26,649
Interest in associates	16	12,775	13,316
Deferred tax assets	34(c)	2,552	1,951
Other non-current assets	17	1,257	1,183
Total non-current assets		95,927	99,867
Current assets			
Refundable deposits	18	734,597	805,667
Trade receivables	19	–	17,719
Other receivables	20	482,456	18,167
Other current assets	21	4,428	17,999
Available-for-sale financial assets	22	8,925	17,797
Financial assets held under resale agreements	23	–	39,678
Financial assets at fair value through profit or loss	24	61,372	27,603
Derivative financial assets	25	294	2,415
Cash held on behalf of brokerage clients	26	2,985,146	1,310,219
Cash and bank balances	27	1,155,620	1,010,509
Total current assets		5,432,838	3,267,773
Current liabilities			
Accounts payable to brokerage clients	29	3,663,459	1,962,840
Trade payables	30	199	26,491
Other payables	31	154,096	29,437
Bank loans	32	–	70,580
Financial liabilities at fair value through profit or loss	33	34,090	12,140
Derivative financial liabilities	25	–	4,926
Current taxation	34(a)	1,101	6,844
Total current liabilities		3,852,945	2,113,258
NET CURRENT ASSETS		1,579,893	1,154,515

The notes to financial statements on pages 111 to 176 form part of these financial statements.

	Note	31 December 2015	31 December 2014
TOTAL ASSETS LESS CURRENT LIABILITIES		1,675,820	1,254,382
Non-current liabilities			
Deferred tax liabilities	34(c)	429	403
Total non-current liabilities		429	403
NET ASSETS		1,675,391	1,253,979
Capital and reserves			
Share capital	35(c)	907,000	680,000
Reserves	35(d)	768,391	573,979
TOTAL EQUITY		1,675,391	1,253,979

Approved and authorised for issue by the board of directors on 30 March 2016.

Zhou Yong)
Zhou Jianqiu) *Directors*

The notes to financial statements on pages 111 to 176 form part of these financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31 December 2015

(Expressed in thousands of Renminbi, unless otherwise stated)

	Share capital (Note 35)	Capital reserve (Note 35)	Surplus reserve (Note 35)	Reserves			Distributable profits (Note 35)	Total
				General reserve (Note 35)	Fair value reserve (Note 35)	Translation reserve (Note 35)		
As at 1 January 2014	680,000	362,312	13,792	120,504	6,296	(271)	57,508	1,240,141
Change in equity for 2014								
Profit for the year	-	-	-	-	-	-	58,204	58,204
Other comprehensive income	-	-	-	-	2,116	(16)	-	2,100
Total comprehensive income	-	-	-	-	2,116	(16)	58,204	60,304
Deemed capital contribution before the acquisition of a subsidiary under common control	-	7,934	-	-	-	-	-	7,934
Appropriation of profits								
Appropriation to surplus reserve	-	-	4,359	-	-	-	(4,359)	-
Appropriation to general reserve	-	-	-	12,536	-	-	(12,536)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(54,400)	(54,400)
As at 31 December 2014	680,000	370,246	18,151	133,040	8,412	(287)	44,417	1,253,979
As at 1 January 2015	680,000	370,246	18,151	133,040	8,412	(287)	44,417	1,253,979
Change in equity for 2015								
Profit for the year	-	-	-	-	-	-	70,170	70,170
Other comprehensive income	-	-	-	-	(5,466)	829	-	(4,637)
Total comprehensive income	-	-	-	-	(5,466)	829	70,170	65,533
Issuance of shares upon public offering, net of issuing expenses	227,000	185,943	-	-	-	-	-	412,943
Deemed capital distribution arising from the acquisition of a subsidiary under common control	-	(23,064)	-	-	-	-	-	(23,064)
Appropriation of profits								
Appropriation to surplus reserve	-	-	5,430	-	-	-	(5,430)	-
Appropriation to general reserve	-	-	-	13,528	-	-	(13,528)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(34,000)	(34,000)
As at 31 December 2015	907,000	533,125	23,581	146,568	2,946	542	61,629	1,675,391

The notes to financial statements on pages 111 to 176 form part of these financial statements.

Consolidated Cash Flow Statements

For the year ended 31 December 2015

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2015	2014
Operating activities			
Cash generated from operations	28(b)	279,196	176,027
Income tax paid	34(a)	(23,802)	(15,439)
Net cash generated from operating activities		255,394	160,588
Investing activities			
Proceeds from sales of investments classified as receivables		205,240	205,008
Payment for purchases of investments classified as receivables		(200,000)	(200,000)
Proceeds from sales of available-for-sale financial assets		296,612	42,435
Payment for purchases of available-for-sale financial assets		(283,720)	(21,059)
Proceeds from sales of financial assets held for trading		416,255	348,275
Payment for purchases of financial assets held for trading		(462,902)	(340,618)
Proceeds from disposal of property, plant and equipment and intangible assets		49	28
Payment for purchases of property, plant and equipment		(3,894)	(6,430)
Payment for purchases of intangible assets		-	(11,616)
Dividends received from investments in securities	4	563	774
Net cash (used in)/generated from investing activities		(31,797)	16,797
Financing activities			
Proceeds from issuance of shares upon public offering, net of issuing expenses		35,541	-
Proceeds from bank loans		-	70,580
Repayment of bank loans		(70,580)	-
Deemed capital contribution before the acquisition of a subsidiary under common control		-	7,934
Deemed capital distribution arising from the acquisition of a subsidiary under common control		(23,064)	-
Interest paid		(2,391)	(732)
Dividends paid to equity shareholders of the Company	35(b)	(34,000)	(54,400)
Net cash (used in)/generated from financing activities		(94,494)	23,382
Net increase in cash and cash equivalents		129,103	200,767
Effect of foreign exchange rate changes		794	(19)
Cash and cash equivalents at 1 January		232,033	31,285
Cash and cash equivalents at 31 December	28(a)	361,930	232,033

The notes to financial statements on pages 111 to 176 form part of these financial statements.

Notes to the Financial Statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted all applicable new and revised HKFRSs to the year ended 31 December 2015, except for any new standards or interpretations that are not yet effective for the accounting year ended 31 December 2015 (see Note 45).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries and the Group's interest in associates.

(c) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are measured at their fair value: available-for-sale financial assets, financial assets/liabilities at fair value through profit or loss and derivative financial assets/liabilities. The measurement of fair value is stated in Note 1(j)(ii).

(d) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousands, which is the functional currency of the Company and its subsidiary established in the People's Republic of China ("PRC"). The functional currency of the Company's subsidiary in Hong Kong is Hong Kong Dollar ("HKD"). The Group translates the financial statements of the Company's subsidiary in Hong Kong from HKD into RMB.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 Significant accounting policies (continued)

(e) Use of estimates and judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

(f) 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 consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

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 shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statements and statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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 recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(j)(i)) or, when appropriate, the cost on initial recognition of an interest in an associate (see Note 1(g)).

In the Company-level statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(o)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies (continued)

(g) Associates

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

An investment in an associate is accounted for in the consolidated financial statements 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 value 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 1(o)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised as other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, 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 investments that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates 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 recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained investment 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, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(j)(i)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see Note 1(o)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(h) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(o)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 Significant accounting policies (continued)

(i) Foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China (the "PBOC"), the State Administrative of Foreign Exchange (the "SAFE") or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of the reporting period. The equity items, excluding "distributable profits", are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operations are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

(j) Financial instruments

(i) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised 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, trade and other receivables, 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 categorised as follows:

Financial assets and financial liabilities at fair value through profit or loss (including financial assets 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.

1 Significant accounting policies (continued)

(j) Financial instruments (continued)

(i) Recognition and measurement of financial assets and financial liabilities (continued)

Financial assets and financial liabilities at fair value through profit or loss (including financial assets held for trading) (continued)

Financial assets and financial liabilities are designated at fair value through profit or loss upon initial recognition in either of the following circumstances:

- 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 instruments 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 transactions costs that may occur on sale, and changes therein are recognised in profit or loss.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(j)(iii)).

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 mainly comprise equity 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 recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend (see Note 1(u)(iii)). Impairment losses are recognised in profit or loss (see Note 1(j)(iii)).

Other fair value changes, other than impairment losses (see Note 1(j)(iii)), are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is derecognised, 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.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

1 Significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market 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 reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

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, price 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 reporting period 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 Significant accounting policies (continued)

(j) Financial instruments (continued)

(iii) Impairment of financial assets (continued)

Receivables

The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value 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 amortisation and the current fair value, less any impairment loss recognised 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 judgment. "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. A significant or prolonged decline in the fair value of an equity investment is an indicator of impairment in such investments where a decline in the fair value of equity investment below its initial cost by 20% or more, or fair value below cost for nine months or longer, upon which impairment loss is recognised.

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 recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

(iv) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised 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 recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

1 Significant accounting policies (continued)

(j) Financial instruments (continued)

(iv) Derecognition of financial assets and financial liabilities (continued)

The financial liability (or part of it) is derecognised 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 derecognised financial liability and the consideration paid is recognised 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 recognised 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 recognised 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 hedge instrument are recognised 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 recognised 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 recognised in profit or loss. These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in profit or loss.

(k) Financial assets held under resale agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements.

The cash advanced is recognised as amounts held under resale agreements in the statements of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items.

The difference between the purchase and resale consideration is amortised over the period of the transaction using the effective interest method and is included in interest income.

1 Significant accounting policies (continued)

(l) Property, plant and equipment

The items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss (see Note 1(o)).

The cost of the purchased property, plant and equipment comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to distributable profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Estimated useful lives	Estimated residual rates	Depreciation rates
Motor vehicles	10 years	5%	9.5%
Office equipment	4-5 years	0%-5%	19%-25%
Electronic equipment	3-5 years	0%-5%	19%-31.66%

Where parts of items of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(m) Intangible assets (other than goodwill)

The intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 1(o)).

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

	Estimated useful lives
Computer software	2-4 years
Customer relationship	3.5 years

Both the period and method of amortisation are reviewed annually.

Futures exchanges membership comprise the trading rights in futures and commodity exchanges in the PRC and Hong Kong. These rights allow the Group to trade financial and commodity futures contracts through these exchanges.

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

1 Significant accounting policies (continued)

(n) 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 recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(o) Impairment of non-financial assets

Internal and external sources of statements are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- goodwill;
- intangible assets;
- investments in subsidiaries in the Company's statement of financial position;
- interest in associates; and
- other current assets.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, 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 CGU).

- Recognition of impairment loss

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (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 loss

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 recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 Significant accounting policies (continued)

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Cash and bank balances

Cash and bank balances comprise cash and cash equivalents and bank deposits with original maturity over three months. Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial 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 changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(s) Income tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised 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 the 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 loss and unused tax credits.

1 Significant accounting policies (continued)

(s) Income tax (continued)

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 recognised. 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 loss and credit, 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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.

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 Group or the Company 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 Group or the Company 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.

1 Significant accounting policies (continued)

(t) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. 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.

(u) Revenue recognition

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

(i) Commission and fee income

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

Exchange refund is recognised when the Group receives the refunds from futures exchanges.

Asset management fees are recognised when the Group is entitled to receive the income under the asset management agreement.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Investment gain

Trading gains from financial assets at fair value through profit or loss is recognised on a trade date basis whilst the unrealized profits or losses are recognised from valuation at the end of reporting period.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity investments.

(iv) Other income

Other income is recognised on an accrual basis.

(v) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

1 Significant accounting policies (continued)

(w) Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(x) Government grants

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

(y) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

1 Significant accounting policies (continued)

(z) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which financial statements regarding financial position, financial performance and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and services, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

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

2 Accounting judgment and estimates

In the process of applying the Group's accounting policies, management has made the following accounting judgments:

- Impairment of available-for-sale financial assets

In determining whether there is any objective evidence that impairment has occurred on available-for-sale financial assets, the Group assess periodically whether there has been a significant or prolonged decline in the fair value of the investments below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry outlook, technological changes as well as operating and financing cash flows. This requires a significant level of management judgment which would affect the amount of impairment losses.

- Impairment of receivables

Receivables that are measured at amortised cost are reviewed at each end of the 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 recognised in prior years is reversed.

- Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided. Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgments are exercised over the asset's 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.

2 Accounting judgment and estimates (continued)

– Fair value of financial instruments

There are no quoted prices from an active market for certain financial instruments. The fair value for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis and option pricing models. The Group has established a work flow to ensure that the valuation techniques are constructed by qualified personnel and are validated and reviewed by independent personnel. Valuation techniques are certified and calibrated before implementation to ensure the valuation result reflects the actual market conditions. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

– Classification of financial asset and liability

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 "trading", the Group has determined that it meets the definition of trading assets and liabilities set out in Note 1(j)(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 1(j)(i).

– Depreciation and amortisation

Property, plant and equipment and intangible assets with definite useful life are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual value, if any. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation or amortisation expenses to be recorded in each of the reporting period. The useful lives and residual values are determined based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation or amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

– 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 plans 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 plans that is of such significance indicating that the Group is a principal. The asset management plans shall be consolidated if the Group acts in the role of principal.

2 Accounting judgment and estimates (continued)

– Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and sets up tax provisions accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, 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 recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

3 Revenue

The Group is principally engaged in futures brokerage business, asset management business and commodity trading and risk management business. The amount of each significant category of revenue is as follows:

	Note	2015	2014
Commission and fee income	(a)	179,883	167,389
Interest income	(b)	112,700	106,486
Total		292,583	273,875

(a) Commission and fee income

	2015	2014
Commission and fee income		
– Futures brokerage business	142,934	141,975
– Refund from futures exchanges	22,213	24,261
– Asset management business	3,066	401
– Commodity trading and risk management business	11,670	752
Total	179,883	167,389

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's commission and fee income during the reporting period. The Group's single largest customer accounted for 1% of the Group's commission and fee income for the year ended 31 December 2015 (31 December 2014: 4%); while the Group's top 5 customers accounted for 4% of the Group's commission and fee income for the year ended 31 December 2015 (31 December 2014: 10%).

3 Revenue (continued)

(b) Interest income

	2015	2014
Interest income		
– Bank deposits	96,750	86,248
– Futures exchanges	5,586	9,405
– Wealth management products	5,240	5,008
– Resale agreements	1,623	3,872
– Other interest-bearing financial assets	3,501	1,953
Total	112,700	106,486

4 Net investment gains

	2015	2014
Net realized gains from:		
Disposal of financial assets at fair value through profit or loss		
– Trading securities	(2,310)	7,773
– Funds	177	50
– Receivables	(192)	–
Disposal of financial liabilities at fair value through profit or loss		
– Payables	(1,919)	–
Disposal of derivative financial instruments	21,647	5,172
Disposal of available-for-sale financial assets		
– Listed securities	4,406	585
– Unlisted funds	5,418	–
– Wealth management products issued by banks	1,486	1,109
– Asset management plans	(122)	–
Subtotal	28,591	14,689
Net unrealized fair value changes of:		
Financial assets at fair value through profit or loss:		
– Trading securities	2,949	(677)
– Funds	64	98
Financial assets designated at fair value through profit or loss	1,395	(1,115)
Financial liabilities designated at fair value through profit or loss	1,250	(2,140)
Derivative financial assets	(9,745)	11,345
Derivative financial liabilities	1,539	(5,728)
Subtotal	(2,548)	1,783
Dividend income from:		
Financial assets at fair value through profit or loss	422	571
Available-for-sale financial assets	141	203
Subtotal	563	774
Total	26,606	17,246

5 Other income

	2015	2014
Government grants	2,500	3,154
Others	1,690	1,212
Total	4,190	4,366

The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

6 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Staff cost

	2015	2014
Salaries, bonuses and allowances	81,253	70,024
Contributions to pension schemes	9,998	9,971
Other social welfare	24,245	24,245
Total	115,496	104,240

The domestic employees of the Group in the PRC participate in social plans, including pension, medical, housing, and other welfare benefits, organized and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on regular basis and paid to the labor and social welfare authorities. These social security plans are defined contribution plans and contributions to the plans are expensed as incurred.

(b) Commission expenses

	2015	2014
Commissions paid to brokers	22,458	27,660

Brokers are responsible to attract and refer customers to the Group. The Group pays commission expenses to the brokers based on a certain percentage of the commission income from these customers on a monthly basis.

6 Profit before taxation (continued)

(c) Other items

	2015	2014
Office expenses	23,388	22,556
Operating lease charges	23,018	25,547
Business tax and surcharges	10,047	9,813
Depreciation and amortisation	8,025	7,935
Interest expenses	7,837	1,103
Investors protection funds	3,184	2,852
IPO expenses	2,855	548
Property management expenses	2,393	2,730
Utilities	2,149	2,409
Auditors' remuneration	1,500	348
Repair and maintenance expenses	1,810	3,366
Other expenses	9,202	7,479
Total	95,408	86,686

7 Income tax expense

(a) Taxation in the consolidated statement of profit or loss represents:

	Note	2015	2014
Current tax – PRC corporate income tax			
Provision for the year		18,838	18,558
Over-provision in the prior year		(779)	–
		18,059	18,558
Current tax – Hong Kong profits tax			
Provision for the year		–	–
Subtotal	34(a)	18,059	18,558
Deferred tax			
Origination and reversal of temporary differences	34(b)	587	(380)
Effect on deferred tax balances at 1 January resulting from a change in tax rate (i)	34(b)	660	–
Total		19,306	18,178

(i) According to the PRC Corporate Income Tax Law ("CIT") that took effect on 1 January 2008, the Company and its PRC subsidiary are subject to CIT at the statutory tax rate of 25%. The PRC subsidiary is entitled to enjoy a preferential tax rate of 15% from the year 2015 to 2020 according to relevant regulations in the PRC CIT;

(ii) Pursuant to the income tax rules and regulations of Hong Kong, the Group's Hong Kong subsidiary is subject to the Hong Kong profits tax at the rate of 16.5%.

7 Income tax expense (continued)

(b) Reconciliations between income tax expenses and accounting profit at applicable tax rates:

	2015	2014
Profit before taxation	89,476	76,382
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned	22,401	19,170
Tax effect of non-deductible expenses	1,051	934
Tax effect of non-taxable income	(2,160)	(2,232)
Unrecognised deductible temporary differences	135	127
Tax effect of unused tax losses not recognised	137	179
Statutory tax concession	(2,139)	–
Effect on deferred tax balances at 1 January resulting from a change in tax rate	660	–
Over-provision in the prior year	(779)	–
Actual income tax expense	19,306	18,178

8 Directors' and supervisors' remuneration

The remuneration of directors and supervisors who held office during the reporting period is as follows:

Name	2015				Total
	Director's fees	Salaries, allowances and benefits	Discretionary bonuses	Pension scheme contributions	
Directors					
Zhou Yong	–	–	–	–	–
Zhou Jianqiu ⁽¹⁾	–	435	820	39	1,294
Xue Binghai	–	–	–	–	–
Zhang Fasong	–	–	–	–	–
Guo Wen ⁽²⁾	–	–	–	–	–
Chen Shuai ⁽³⁾	–	–	–	–	–
Sun Changyu ⁽⁴⁾	–	–	–	–	–
Independent directors					
Li Xindan	71	–	–	–	71
Zhang Jie	71	–	–	–	71
Zhang Hongfa	71	–	–	–	71
Lam Kai Yeung ⁽⁵⁾	68	–	–	–	68
Supervisors					
Xu Yingying	–	116	124	26	266
Pu Xuenian	–	–	–	–	–
Wang Jianying	–	–	–	–	–
Total	281	551	944	65	1,841

8 Directors' and supervisors' remuneration (continued)

Name	2014				Total
	Director's fees	Salaries, allowances and benefits	Discretionary bonuses	Pension scheme contributions	
Directors					
Zhou Yong	–	–	–	–	–
Xue Binghai	–	–	–	–	–
Zhang Fasong	–	–	–	–	–
Guo Wen	–	–	–	–	–
Independent directors					
Li Xindan	71	–	–	–	71
Zhang Jie	71	–	–	–	71
Zhang Hongfa	71	–	–	–	71
Supervisors					
Xu Yingying	–	99	79	12	190
Pu Xuenian	–	–	–	–	–
Wang Jianying	–	–	–	–	–
Song Yang	–	–	–	–	–
Total	213	99	79	12	403

(1) Appointed as director on 9 June 2015.

(2) Resigned on 9 June 2015.

(3) Appointed as director on 9 June 2015, and resigned on 12 November 2015.

(4) Appointed as director on 27 November 2015.

(5) Appointed as independent director on 9 June 2015.

None of the non-independent directors or supervisors (except Xu Yingying and Zhou Jianqiu) received any fees or emoluments in respect of their services to the Group during the reporting period as they were paid by the Group's ultimate holding company Jiangsu SOHO Holding Group Co., Ltd. ("SOHO Holding").

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the reporting period.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one of them is a director whose emolument is disclosed in Note 8. The aggregate of the emoluments are as follows:

	2015	2014
Salaries, allowances and benefits	1,478	1,138
Discretionary bonuses	3,327	3,621
Pension scheme contributions	184	169
Total	4,989	4,928

The number of these individuals whose remuneration fell within the following bands is set out below:

	2015 Number of individuals	2014 Number of individuals
HKD Nil to HKD1,000,000	3	2
HKD 1,000,001 to HKD1,500,000	–	1
HKD 1,500,001 to HKD2,000,000	2	2
Total	5	5

No emoluments are paid or payable to these individuals as retirement from employment or as an inducement to join or upon joining the Group or as compensation for loss of office during the reporting period.

10 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

(a) Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January (thousands)	680,000	680,000
Effect of issuance of shares (thousands)	622	–
Weighted average number of ordinary shares at 31 December (thousands)	680,622	680,000

On 30 December 2015, the Company was listed on the Main Board of the Hong Kong Stock Exchange ("HKSE"), pursuant to which 227,000 thousands ordinary shares were issued. The weighted average number of ordinary shares in issue for 2015 is adjusted to reflect the effect of shares issued upon public offerings.

10 Earnings per share (continued)

(b) Calculations of basic and diluted earnings per share

	2015	2014
Profit attributable to shareholders of the Company	70,170	58,204
Weighted average number of ordinary shares issued (thousands)	680,622	680,000
Basic and diluted earnings per share attributable to equity shareholders (in RMB per share)	0.1031	0.0856

During the reporting period, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

11 Other comprehensive income, net of tax

	2015		
	Before tax	Tax (expense)/ benefit	Net of tax
Available-for-sale financial assets			
– Net changes in fair value	(12,777)	3,194	(9,583)
– Reclassified to profit or loss	5,489	(1,372)	4,117
Exchange differences on translation of financial statements in foreign currencies	829	–	829
Total	(6,459)	1,822	(4,637)

	2014		
	Before tax	Tax (expense)/ benefit	Net of tax
Available-for-sale financial assets			
– Net changes in fair value	2,703	(676)	2,027
– Reclassified to profit or loss	119	(30)	89
Exchange differences on translation of financial statements in foreign currencies	(16)	–	(16)
Total	2,806	(706)	2,100

12 Property, plant and equipment

	Motor vehicles	Office equipment	Electronic equipment	Total
Cost:				
As at 1 January 2014	5,671	3,517	21,017	30,205
Additions	150	169	6,111	6,430
Disposal	–	(30)	(1,202)	(1,232)
Translation reserve	–	–	2	2
As at 31 December 2014	5,821	3,656	25,928	35,405
As at 1 January 2015	5,821	3,656	25,928	35,405
Additions	–	90	3,875	3,965
Disposal	–	(91)	(1,159)	(1,250)
Translation reserve	–	2	29	31
As at 31 December 2015	5,821	3,657	28,673	38,151
Accumulated depreciation:				
As at 1 January 2014	(2,028)	(1,169)	(14,484)	(17,681)
Charge for the year	(553)	(867)	(4,031)	(5,451)
Written back on disposal	–	26	1,147	1,173
Translation reserve	–	–	–	–
As at 31 December 2014	(2,581)	(2,010)	(17,368)	(21,959)
As at 1 January 2015	(2,581)	(2,010)	(17,368)	(21,959)
Charge for the year	(561)	(862)	(4,026)	(5,449)
Written back on disposal	–	89	1,112	1,201
Translation reserve	–	(2)	(20)	(22)
As at 31 December 2015	(3,142)	(2,785)	(20,302)	(26,229)
Net book value:				
As at 31 December 2014	3,240	1,646	8,560	13,446
As at 31 December 2015	2,679	872	8,371	11,922

13 Goodwill

	31 December 2015	31 December 2014
Cost:	53,167	53,167
Accumulated impairment losses:		
As at 1 January	(9,845)	(9,845)
Impairment loss for the year	–	–
As at 31 December	(9,845)	(9,845)
Carrying amount:	43,322	43,322

Impairment testing on goodwill.

Goodwill is allocated to the Group's CGU as follows:

	31 December 2015	31 December 2014
Futures brokerage	43,322	43,322

The Group acquired the futures brokerage business together with the relevant assets and liabilities of Huazheng Futures Co., Ltd (華證期貨有限公司) ("Huazheng Futures") in 2013. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The recoverable amount of the futures brokerage CGU is determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate of 3% based on industry growth forecasts. Management determined the budgeted gross margin based on past performance and its expectation for market development. The cashflows are discounted using a discount rate of 16%. The discount rate used is the CGU's specific weighted average cost of capital, adjusted for the risks of the specific CGU.

As at 31 December, the Group performed its annual goodwill impairment test. No impairment was recognised for the goodwill related to futures brokerage CGU since the value-in-use was greater than its carrying amount.

14 Intangible assets

	Computer software	Futures exchanges membership	Customer relationship	Total
Cost:				
As at 1 January 2014	3,054	11,793	6,100	20,947
Additions	1,616	10,000	–	11,616
Translation reserve	–	1	–	1
As at 31 December 2014	4,670	21,794	6,100	32,564
As at 1 January 2015	4,670	21,794	6,100	32,564
Additions	–	–	–	–
Translation reserve	5	25	–	30
As at 31 December 2015	4,675	21,819	6,100	32,594
Accumulated amortisation:				
As at 1 January 2014	(2,560)	–	(871)	(3,431)
Charge for the year	(741)	–	(1,743)	(2,484)
Translation reserve	–	–	–	–
As at 31 December 2014	(3,301)	–	(2,614)	(5,915)
As at 1 January 2015	(3,301)	–	(2,614)	(5,915)
Charge for the year	(833)	–	(1,743)	(2,576)
Translation reserve	(4)	–	–	(4)
As at 31 December 2015	(4,138)	–	(4,357)	(8,495)
Net book value:				
As at 31 December 2014	1,369	21,794	3,486	26,649
As at 31 December 2015	537	21,819	1,743	24,099

Futures exchanges membership comprise the trading rights in Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, China Financial Futures Exchange and Hong Kong Futures Exchange (the "HKFE"). These rights allow the Group to trade financial and commodity futures contracts through these exchanges. Futures exchanges membership are not amortised as their useful lives are assessed to be indefinite.

15 Investment in subsidiaries

The following list contains all the subsidiaries of the Group, which are held directly by the Company. The class of shares hold is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Issued and fully paid-up capital	Equity interest held by the Company		Principal activities
			31 December 2015	31 December 2014	
Holly Capital Management Co., Ltd.* 弘業資本管理有限公司	PRC	RMB150 million	100%	100%	Commodity trading and risk management business
Holly Su Futures (Hongkong) Co., Ltd. 弘蘇期貨(香港)有限公司	Hong Kong	HKD25 million	100%	100%	Futures brokerage business

* The English translation of the name of the company is for reference only. The official name of the company is in Chinese.

16 Interest in associates

	31 December 2015	31 December 2014
Share of net assets	12,775	13,316

The following list contains all the associates, all of which are unlisted corporate entities whose quoted market prices are not available.

Name of associate	Form of business structure	Place of incorporation and business	Registered capital	Proportion of ownership interest		Principal activities
				Group's effective interest	Held by the Company	
Jiangsu Hong Rui New Era Venture Investment Co., Ltd.* 江蘇弘瑞新時代創業投資有限公司	Limited liability company	PRC	RMB100 million	22%	22%	Venture investment, etc.
Jiangsu Hong Rui Growth Venture Investment Co., Ltd.* 江蘇弘瑞成長創業投資有限公司	Limited liability company	PRC	RMB121.2 million	9.901%	9.901%	Venture investment, etc.

* The English translations of the names of the associates are for reference only. The official names of the associates are in Chinese.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

During the Reporting Period, the Group and the Company held 9.901% interest in Jiangsu Hong Rui Growth Venture Investment Co., Ltd ("Hong Rui Growth"). According to the articles of association of Hong Rui Growth, the Group and the Company can appoint a representative in the Board of Directors. As the Group and the Company have a representative in the Board of Directors and participate in all the decision-making processes, the Group and the Company have significant influence over Hong Rui Growth, even though the effective interest is less than 20%. Accordingly, Hong Rui Growth has been accounted for as an associate.

16 Interest in associates (continued)

Summarised financial statements of the Group's material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

Jiangsu Hong Rui New Era Venture Investment Co., Ltd.		
	31 December 2015	31 December 2014
Gross amounts of the associate:		
Current assets	13,579	13,351
Non-current assets	14,500	15,000
Current liabilities	(2,763)	(2,463)
Equity	25,316	25,888
Revenue	–	–
Loss for the year	(572)	(1,675)
Total comprehensive income	(572)	(1,675)
Dividend received from the associate	–	–
Reconciled to the Group's interests in the associate:		
Gross amounts of net assets of the associate	25,316	25,888
Group's effective interest	22%	22%
Group's share of net assets of the associate	5,570	5,695
Carrying amount in the consolidated financial statements:	5,570	5,695

Jiangsu Hong Rui Growth Venture Investment Co., Ltd.		
	31 December 2015	31 December 2014
Gross amounts of the associate:		
Current assets	23,950	32,405
Non-current assets	62,734	58,473
Current liabilities	(13,911)	(13,911)
Equity	72,773	76,967
Revenue	–	–
Loss for the year	(4,194)	(1,522)
Total comprehensive income	(4,194)	(1,522)
Dividend received from the associate	–	–
Reconciled to the Group's interests in the associate:		
Gross amounts of net assets of the associate	72,773	76,967
Group's effective interest	9.901%	9.901%
Group's share of net assets of the associate	7,205	7,621
Carrying amount in the consolidated financial statements:	7,205	7,621

17 Other non-current assets

	31 December 2015	31 December 2014
Deposits with Hong Kong Futures Exchange Limited	1,257	1,183

18 Refundable deposits

Refundable deposits arising from futures brokerage business:

	31 December 2015	31 December 2014
Deposits with futures and commodity exchanges		
– Shanghai Futures Exchange	269,440	244,167
– Dalian Commodity Exchange	174,119	203,770
– China Financial Futures Exchange	151,276	186,564
– Zhengzhou Commodity Exchange	92,241	132,148
– Bohai Commodity Exchange	–	9,371
Other futures brokers	47,521	29,647
Total	734,597	805,667

19 Trade receivables

	31 December 2015	31 December 2014
Commodity trading and risk management business		
– Trade receivables arising from rendering agency services	–	17,719

As at 31 December, the ageing analysis of trade receivables, based on the trade date, is as follows:

	31 December 2015	31 December 2014
1 to 3 months	–	17,719

The Group monitors all the receivables on an individual customer basis and calls for commodity collaterals when necessary. The receivables are related to the certain number of customers with no recent history of default.

20 Other receivables

	31 December 2015	31 December 2014
Receivable of proceeds from issuance of international placing shares upon public offering (i)	444,994	–
Interest receivables	25,909	13,387
Rental deposits	3,006	3,275
Others	8,547	1,505
Total	482,456	18,167

(i) The proceeds have been received subsequent to the balance sheet date.

21 Other current assets

	31 December 2015	31 December 2014
Prepaid rentals	2,233	2,052
Deductible value added tax	131	10,465
IPO service fees (i)	–	5,482
Others	2,064	–
Total	4,428	17,999

(i) IPO service fees represent professional fees relating to the public offering of the Company's shares and they have been deducted from equity when the Company completed the listing of the Company's shares on the Main Board of the HKSE.

22 Available-for-sale financial assets

	31 December 2015	31 December 2014
At fair value:		
– Listed equity securities	5,937	11,848
– Less: Impairment losses for listed equity securities	(338)	(1,216)
Subtotal	5,599	10,632
– Unlisted funds	1,000	7,165
– Asset management plans	2,326	–
Total	8,925	17,797
Analysed as:		
Listed outside Hong Kong	5,599	10,632
Unlisted	3,326	7,165
Total	8,925	17,797

As at 31 December, certain of the Group's listed available-for-sale equity securities were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered. Impairment losses on these investments were recognised in profit or loss in accordance with the policy set out in Note 1(j)(iii).

23 Financial assets held under resale agreements

	31 December 2015	31 December 2014
Collateralized by		
– Commodities	–	39,678

24 Financial assets at fair value through profit or loss

(i) Analysed by type

	31 December 2015	31 December 2014
Held for trading		
– Equity securities	16,882	3,429
– Funds	37,210	5,148
	54,092	8,577
Financial assets designated at fair value through profit or loss		
– Asset management plans	7,280	–
– Receivables	–	19,026
Total	61,372	27,603

Asset management plans and receivables held by the Group have been designated at fair value through profit or loss because they are managed, evaluated and reported internally on a fair value basis in accordance with its documented investment strategy.

(ii) Analysed as

	31 December 2015	31 December 2014
Listed outside Hong Kong	54,092	8,577
Unlisted	7,280	19,026
Total	61,372	27,603

25 Derivative financial assets/liabilities

	31 December 2015		
	Notional amount	Fair value	
		Assets	Liabilities
Commodity derivatives			
– Futures	352,782	1,501	(4,384)
– Forward	2,042	294	–
Total	354,824	1,795	(4,384)
Less: settlement		(1,501)	4,384
Net position		294	–
	31 December 2014		
	Notional amount	Fair value	
		Assets	Liabilities
Commodity derivatives			
– Futures	261,575	11,540	(5,923)
Less: settlement		(9,125)	997
Net position		2,415	(4,926)

26 Cash held on behalf of brokerage clients

	31 December 2015	31 December 2014
Cash held on behalf of brokerage clients	2,985,146	1,310,219

The Group maintains segregated deposit accounts with banks to hold clients' monies arising from its normal course of brokerage business. The Group has classified their brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the PRC, cash held on behalf of brokerage clients for their transaction and settlement funds is restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

27 Cash and bank balances

	Note	31 December 2015	31 December 2014
Bank deposits with original maturity over 3 months		670,000	767,889
Restricted bank deposits		123,690	10,587
Cash and cash equivalents	28	361,930	232,033
		1,155,620	1,010,509

As at 31 December 2015, deposits amounting to RMB123,690 thousands, which were collected during the fund raising period of the collective asset management plans, are required to place at designated bank accounts.

As at 31 December 2014, there were deposits amounting to RMB10,587 thousands pledged in relation to bank loans amounting to RMB70,580 thousands (see Note 32).

28 Cash and cash equivalents

(a) Cash and cash equivalents comprise

	31 December 2015	31 December 2014
Deposits with banks and other financial institutions	361,915	232,027
Cash on hand	15	6
	361,930	232,033

Cash and cash equivalents exclude bank deposits with original maturity of more than three months and restricted bank deposits.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2015	2014
Profit before taxation		89,476	76,382
Adjustments for:			
Depreciation and amortisation	6(c)	8,025	7,935
Net unrealised fair value changes		(3,615)	579
Share of losses of associates		541	519
Loss on disposal of property, plant and equipment		–	31
Dividend income from investments	4	(563)	(774)
Net realised gains from financial instruments		(6,564)	(9,517)
Interest income from investments classified as receivables	3(b)	(5,240)	(5,008)
Interest expenses for bank loans		2,020	1,103
Operating cash flows before movements in working capital		84,080	71,250

28 Cash and cash equivalents (continued)

	2015	2014
Operating cash flows before movements in working capital	84,080	71,250
Decrease in refundable deposits	71,070	748,313
Decrease/(increase) in trade receivables	17,719	(10,926)
Increase in other receivables	(19,295)	(8,577)
Decrease/(increase) in other current assets and non-current assets	13,497	(13,404)
Decrease/(increase) in financial assets held under resale agreements	39,678	(32,203)
Decrease/(increase) in financial assets at fair value through profit or loss	11,746	(19,026)
Decrease/(increase) in derivative financial assets	2,121	(2,415)
Increase in cash held on behalf of brokerage clients	(1,674,927)	(722,142)
Decrease in term deposits with original maturity over three months	97,889	197,111
Increase in restricted bank deposits	(113,103)	(10,587)
Increase/(decrease) in accounts payable to brokerage clients	1,700,619	(70,225)
(Decrease)/increase in trade payables	(26,292)	26,491
Increase in other payables	57,370	5,496
(Decrease)/increase in derivative financial liabilities	(4,926)	4,731
Increase in financial liabilities designated at fair value through profit or loss	21,950	12,140
Cash generated from operations	279,196	176,027

29 Accounts payable to brokerage clients

	31 December 2015	31 December 2014
Clients' deposits for brokerage business	3,663,459	1,962,840

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are held at banks and at futures and commodity exchanges by the Group.

The majority of the accounts payable balance are repayable on demand except for certain balances relating to margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits and cash collateral are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of these businesses.

30 Trade payables

	31 December 2015	31 December 2014
Prepayments for agency services	199	26,491

31 Other payables

	31 December 2015	31 December 2014
Payable to investors of collective asset management plans	52,140	–
Amount due to National Council for Social Security Fund of the PRC (i)	46,184	–
IPO service fees payable	23,057	1,652
Employee benefits payables	17,860	17,688
Interest expenses payable	5,815	371
Commission payable to brokers	2,481	3,551
Business tax and surcharges payables	2,130	3,523
Payable to investors protection funds	419	719
Others	4,010	1,933
Total	154,096	29,437

(i) In accordance with relevant PRC rules regarding disposal of state-owned shares, the state-owned shareholders are required to transfer to the National Social Security Fund (“NSSF”) a number of shares in aggregate equal to 10% of the number of the offer shares issued by the Company. Pursuant to a letter issued by the NSSF (Shebaojijinfu [2015] No.133) on 14 August 2015, the NSSF instructed the Company to arrange for the sale of such shares and remit the proceeds from the sale of such shares to an account designated by the NSSF. The proceeds from the sale of such shares which were due to the NSSF amounted to equivalent RMB46 million as at 31 December 2015.

32 Bank loans

At 31 December, the bank loans were repayable as follows:

	31 December 2015	31 December 2014
Within one year	–	70,580

At 31 December, the bank loans were secured as follows:

	31 December 2015	31 December 2014
Secured by stand-by letter of credit (“SBLC”)	–	70,580

As at 31 December 2014, the Group obtained banking facilities amounting to RMB100,000 thousands. The facilities were utilised to the extent of RMB70,580 thousands which were secured by a stand-by letter of credit issued by Bank of Jiangsu. The SBLC is secured by pledged deposits and guarantee, amounting to RMB10,587 thousands (see Note 27) and RMB59,993 thousands, respectively. The guarantee is issued by the Company’s major shareholder: Jiangsu Holly Group Co., Ltd (江蘇弘業國際集團有限公司). As at 31 December 2014, the bank loans bore interest at 4.1% per annum. The bank loans were fully repaid in August 2015.

33 Financial liabilities at fair value through profit or loss

	31 December 2015	31 December 2014
Financial liabilities designated at fair value through profit or loss		
– Payables	34,090	12,140

Payables held by the Group have been designated at fair value through profit or loss because these payables are managed, evaluated and reported internally on a fair value basis in accordance with its documented investment strategy.

34 Income tax

(a) Current taxation

	Note	31 December 2015	31 December 2014
At the beginning of the year		6,844	3,725
Provision for the year			
– PRC corporate income tax	7(a)	18,059	18,558
– Hong Kong profits tax	7(a)	–	–
Tax paid			
– PRC corporate income tax		(23,802)	(15,439)
– Hong Kong profits tax		–	–
At the end of the year		1,101	6,844

(b) Deferred tax assets/liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

<i>Deferred tax arising from:</i>	Employee benefits payable	Accrued expenses	Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative financial instruments	Impairment of available- for-sale financial assets	Changes in fair value of available for-sale financial assets	Intangible assets arising from business combination	Total
As at 1 January 2014	3,458	1,307	146	–	369	(2,099)	(1,307)	1,874
Credited/(charged) to profit or loss	874	(419)	958	(1,404)	(65)	–	436	380
Charged to reserves	–	–	–	–	–	(706)	–	(706)
As at 31 December 2014	4,332	888	1,104	(1,404)	304	(2,805)	(871)	1,548
As at 1 January 2015	4,332	888	1,104	(1,404)	304	(2,805)	(871)	1,548
Credited/(charged) to profit or loss	(525)	108	(2,057)	1,010	(219)	–	436	(1,247)
Charged to reserves	–	–	–	–	–	1,822	–	1,822
As at 31 December 2015	3,807	996	(953)	(394)	85	(983)	(435)	2,123

34 Income tax (continued)

(c) Reconciliation to the consolidated statements of financial position

	31 December 2015	31 December 2014
Net deferred tax assets recognised in the consolidated statement of financial position	2,552	1,951
Net deferred tax liabilities recognised in the consolidated statement of financial position	(429)	(403)
Total	2,123	1,548

(d) Recognised in other comprehensive income

	2015		
	Before tax	Tax (expense)/ benefit	Net of tax
Available-for-sale financial assets			
– Net changes in fair value	(12,777)	3,194	(9,583)
– Reclassified to profit or loss	5,489	(1,372)	4,117
Total	(7,288)	1,822	(5,466)

	2014		
	Before tax	Tax (expense)/ benefit	Net of tax
Available-for-sale financial assets			
– Net changes in fair value	2,703	(676)	2,027
– Reclassified to profit or loss	119	(30)	89
Total	2,822	(706)	2,116

(e) Deferred tax assets not recognised

As at 31 December, temporary difference relating to the goodwill impairment of RMB9,845 thousands is not recognised. According to Implementation Regulations for the Corporate Income Tax Law of the People's Republic of China, the expenditure incurred in externally purchased goodwill shall be deductible at the time of whole transfer or liquidation of the acquired assets and liabilities. As the Group is operating on the going concern basis and there is no plan of transfer or liquidation of the acquired assets and liabilities, the deferred tax assets arising from the goodwill impairment is not recognised.

As at 31 December 2015 in accordance with the accounting policy set out in Note 1(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB6,377 thousands (31 December 2014: RMB5,548 thousands), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

35 Share capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Reserves				Distributable profits	Total
		Capital reserve	Surplus reserve	General reserve	Fair value reserve		
As at 1 January 2014	680,000	350,125	13,792	120,504	6,296	62,108	1,232,825
Change in equity for 2014							
Profit for the year	-	-	-	-	-	52,416	52,416
Other comprehensive income	-	-	-	-	2,116	-	2,116
Total comprehensive income	-	-	-	-	2,116	52,416	54,532
Appropriation of profits							
Appropriation to surplus reserve	-	-	4,359	-	-	(4,359)	-
Appropriation to general reserve	-	-	-	12,536	-	(12,536)	-
Dividends approved in respect of the previous year	-	-	-	-	-	(54,400)	(54,400)
As at 31 December 2014	680,000	350,125	18,151	133,040	8,412	43,229	1,232,957
As at 1 January 2015	680,000	350,125	18,151	133,040	8,412	43,229	1,232,957
Change in equity for 2015							
Profit for the year	-	-	-	-	-	62,410	62,410
Other comprehensive income	-	-	-	-	(5,402)	-	(5,402)
Total comprehensive income	-	-	-	-	(5,402)	62,410	57,008
Issuance of shares upon public offering, net of issuing expenses (35(c))	227,000	185,943	-	-	-	-	412,943
The acquisition of a subsidiary under common control (35d(i))	-	(9,346)	-	-	-	-	(9,346)
Appropriation of profits							
Appropriation to surplus reserve	-	-	5,430	-	-	(5,430)	-
Appropriation to general reserve	-	-	-	13,528	-	(13,528)	-
Dividends approved in respect of the previous year	-	-	-	-	-	(34,000)	(34,000)
As at 31 December 2015	907,000	526,722	23,581	146,568	3,010	52,681	1,659,562

35 Share capital and reserves (continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	31 December 2015	31 December 2014
Final dividend proposed after the end of the reporting period	45,350	34,000

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	31 December 2015	31 December 2014
Final dividend in respect of the previous financial year, approved and paid during the year	34,000	54,400

(c) Share capital

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	2015	2014
Number of shares registered, issued and fully paid (at RMB1 per share)		
At 1 January	680,000	680,000
Issuance of shares upon public offering	227,000	–
At 31 December	907,000	680,000

On 30 December 2015, the shares of the Company were listed on the Main Board of the HKSE, pursuant to which 227,000 thousands ordinary shares of RMB1.00 each were issued at the price of HK\$2.43 per share by the Company. The gross proceeds from the issue of these shares amounted HK\$551,610 thousands (equivalent to approximately RMB461,880 thousands). The premium arising from the issuance of shares upon public offering amounted RMB185,943 thousands was recorded in capital reserve.

(d) Reserves

(i) Capital reserve

Capital reserve mainly includes share premium arising from investors' capital injection and the issuance of shares at prices in excess of par value.

The Group has made the decision to acquire Holly Su Futures (Hongkong) Co., Ltd. ("Holly Su Futures") in 2015. Holly Su Futures, a company incorporated in Hong Kong, had remained as a subsidiary of SOHO Holding from its incorporation up to the completion of the acquisition of the subsidiary under common control. There was a continuation of risk and benefits to SOHO Holding as the Company and Holly Su Futures were controlled by SOHO Holding during the reporting period both before and after the acquisition of the subsidiary. The acquisition of the subsidiary under common control was completed on 30 September 2015.

Therefore, the capital reserve as at 31 December 2014 include the amount of issued capital of Holly Su Futures and deemed capital contribution before the acquisition of the subsidiary under common control. The consideration paid by the Company is deemed as capital distribution arising from the acquisition of the subsidiary under common control.

35 Share capital and reserves (continued)

(d) Reserves (continued)

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve fund. The entities established in the PRC are required to appropriate 10% of its net profit as determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") issued by the Ministry of Finance ("MOF"), to the statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserve may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

(iii) General reserve

General reserve includes general risk reserve and futures risk reserve.

In accordance with the requirements of the MOF Circular regarding the Implementation Guidance of Rules on the Accounting by Financial Enterprises (Caijin [2007] No. 23) issued on 30 March 2007, the Company appropriates 10% of its annual net profit as determined under PRC GAAP to the general risk reserve.

In accordance with the requirements of the Notice of the MOF on Issuing the Tentative Provisions for the Financial Management of Commodities Futures Trading (Caishang [1997] No. 44) issued on 3 March 1997, the Company appropriates the futures risk reserve based on 5% of the commission and fee income from futures brokerage services net of relevant expenses payable to futures exchanges, for the purpose of covering potential losses from futures brokerage service. When actual losses occur, the loss amount is charged to the current profit or loss, with the same amount being transferred from futures risk reserve to retained earnings simultaneously. Appropriation for futures risk reserve is recorded as profit distribution, whilst the utilization of futures risk reserve is recorded as the opposite type of transaction.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair values of available-for-sale financial assets until the assets are derecognised or impaired.

(v) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

(vi) Distributable profits

The Company's distributable profits for equity shareholders are based on the distributable profits of the Company as determined under the PRC GAAP and HKFRS, whichever is lower.

36 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate risk and currency risk arises in the normal course of the Group's business. The Group is also exposed to price risk arising from equity securities and commodities. The Group also needs to comply with some risk control indicators under the PRC regulatory requirements in relation to capital management.

The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described as below:

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Group.

The Group's credit risk is primarily attributable to other non-current assets, refundable deposits, trade receivables, other receivables, derivative financial assets, financial assets held under resale agreements, cash held on behalf of brokerage clients and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Other non-current assets are deposits with HKFE required as the condition to provide brokerage service in Hong Kong. Refundable deposits are mainly deposits with futures and commodity exchanges in the PRC for the purpose of settlement on behalf of customers. The futures and commodity exchanges are supervised by relevant regulators and considered to have minimal credit risk.

Trade receivables are mainly receivables from rendering commodity trading and risk management business. The Group monitors all receivables on an individual customer basis and calls for commodity collaterals when necessary. The receivables are related to a certain number of customers with no recent history of default. Thus, the credit risk is low.

Other receivables are mainly receivable of proceeds from issuance of shares upon public offering, which management assessed the credit risk to be low.

Financial assets held under resale agreements are mainly resale agreements signed with clients. All transactions are credit enhanced by pledged commodities, the credit risk is considered to be low.

Derivative financial assets are futures and forward agreements signed with clients traded through over-the-counter market. As the counterparties for the agreements have no recent history of default, the credit risk is considered to be low.

Substantially all of the Group's cash held on behalf of brokerage clients and bank balances are deposited in PRC and HK banks with good reputation which management assessed the credit risk to be insignificant.

The Group do not provide any guarantees which would expose the Group to any credit risk.

36 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Without taking into account of collaterals or other credit enhancements, the maximum credit exposure of the Group, which is net of impairment allowance, is listed as follows:

	31 December 2015	31 December 2014
Non-current assets		
Other non-current assets	1,257	1,183
Current assets		
Refundable deposits	734,597	805,667
Trade receivables	–	17,719
Other receivables	482,456	18,167
Financial assets held under resale agreements	–	39,678
Derivative financial assets	294	2,415
Cash held on behalf of brokerage clients	2,985,146	1,310,219
Bank balances	1,155,605	1,010,503
Total	5,359,355	3,205,551

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants if any, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

36 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group, as applicable, can be required to pay:

	2015			Carrying amount at 31 December
	Contractual undiscounted cash flow			
	On demand	Within 1 year	Total	
Accounts payable to brokerage clients	3,670,262	–	3,670,262	3,663,459
Trade payables	–	199	199	199
Other payables	–	148,281	148,281	148,281
Financial liabilities at fair value through profit or loss	–	34,090	34,090	34,090
Total	3,670,262	182,570	3,852,832	3,846,029

	2014			Carrying amount at 31 December
	Contractual undiscounted cash flow			
	On demand	Within 1 year	Total	
Accounts payable to brokerage clients	1,962,840	–	1,962,840	1,962,840
Trade payables	–	26,491	26,491	26,491
Other payables	–	29,066	29,066	29,066
Bank loans	–	73,159	73,159	70,580
Financial liabilities at fair value through profit or loss	–	12,140	12,140	12,140
Derivative financial liabilities	–	4,926	4,926	4,926
Total	1,962,840	145,782	2,108,622	2,106,043

(c) Interest rate risk

Interest rate risk refers to the likelihood of loss that may arise from adverse movements in the market interest rate. The Group's interest rate risk mainly arises from interest rate policy changes and the mismatch of interest-sensitive assets and liabilities.

The Group mainly manages interest rate risk through structuring and adjusting its asset portfolio. The Group's asset portfolio management aims at mitigating risks and improving profitability by diversification of assets.

36 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing financial instruments at the end of the reporting period:

	31 December 2015		31 December 2014	
	Effective interest rate	Amount	Effective interest rate	Amount
Fixed rate instrument				
Refundable deposits	2.4%	687,076	2.4%	776,020
Financial assets held under resale agreements	N/A	–	14%-22.5%	39,678
Cash held on behalf of brokerage clients	2.45%-4%	2,140,000	4.35%-6.8%	1,170,000
Bank balances	2.1%-3.95%	798,419	0.84%-5.5%	981,227
Accounts payable to brokerage clients	3.95%	(1,000,000)	N/A	–
Bank loans	N/A	–	4.1%	(70,580)
Variable rate instrument				
Cash held on behalf of brokerage clients	0.001%-2.7%	845,146	0.001%-2.5%	140,219
Bank balances	0.001%-1.98%	357,186	0.001%-1.98%	29,276

(ii) Sensitivity analysis

– Fair value sensitivity analysis for fixed rate financial instruments

The Group do not hold for any fixed rate financial instruments measured at fair value. Therefore a change in interest rate at the end of the reporting period would not affect the Group's net profit or equity.

– Cash flow sensitivity analysis for variable rate financial instruments

Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit and equity	
	31 December 2015	31 December 2014
Change in basis points		
Increase 100 basis points	9,234	1,271
Decrease 100 basis points	(7,255)	(348)

In respect of the exposure to cash flow interest rate risk arising from variable rate instruments held by the Group at the end of the reporting period, the impact on the Group's net profit and equity is estimated as an annualized impact on interest income of such a change in interest rates. The analysis is performed on the same basis at the end of the reporting period.

36 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk

Except for the receivable and cash at bank of proceeds from issuance of shares upon public offering, there is no material currency risk for the Group as the majority of the business activities are within mainland China and settle in RMB. The currency giving rise to this risk is primarily Hongkong Dollars. As most of the proceeds from issuance of shares upon public offering are converted into RMB by the Company after the reporting period and the remaining proceeds will be used to develop the Group's Hong Kong and global futures business, the currency risk is assessed to be low.

(i) Exposure to currency risk

	Exposure to foreign currencies (expressed in RMB thousand)	
	31 December 2015 (Hongkong Dollars)	31 December 2014 (Hongkong Dollars)
Other receivables	444,994	–
Cash and bank balances	50,594	–
Total	495,588	–

(ii) Sensitivity analysis

The following tables indicates the instantaneous change in the Group's net profit and equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Sensitivity of net profit and equity	
	31 December 2015	31 December 2014
Changes in the Hong Kong dollars exchange rate		
Increase by 10%	37,169	–
Decrease by 10%	(37,169)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's net profit and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2014.

36 Financial risk management and fair values of financial instruments (continued)

(e) Price risk

The Group is exposed to equity price changes and commodity price changes arising from the investments concluded in available-for-sale financial assets (see Note 22), financial assets/liabilities at fair value through profit or loss (see Note 24 and 33) and derivative financial assets/liabilities (see Note 25). Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profit and equity due to the price fluctuation of the available-for-sale financial assets, financial assets/liabilities at fair value through profit or loss and derivative financial assets/liabilities.

Sensitivity analysis

The analysis below is performed to show the impact on the Group's net profit and equity due to change in the prices of equity securities by 10% and the commodity prices by 10% with all other variables held constant.

	Sensitivity of net profit	
	31 December 2015	31 December 2014
Changes in the equity price risk variable		
Increase by 10%	4,459	858
Decrease by 10%	(4,493)	(858)
Changes in the commodity price risk variable		
Increase by 10%	(1,362)	161
Decrease by 10%	2,043	(236)

	Sensitivity of equity	
	31 December 2015	31 December 2014
Changes in the equity price risk variable		
Increase by 10%	5,119	2,637
Decrease by 10%	(5,119)	(2,637)
Changes in the commodity price risk variable		
Increase by 10%	(1,129)	161
Decrease by 10%	1,810	(236)

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index and commodity futures market had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity and commodity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments and hedging investments would change in accordance with the historical correlation with the relevant stock market index and commodity futures price with all other variables remain constant. The analysis is performed on the same basis for 2014.

36 Financial risk management and fair values of financial instruments (continued)

(f) Capital management

The Group's objectives of capital management are:

- (i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth;
- (iii) To maintain a strong capital base to support the development of their business; and
- (iv) To comply with the capital requirements under the PRC regulations.

According to the Notice of "Decision on Revising <Futures company's regulatory risk management index pilot scheme>" 《關於修改<期貨公司風險監管指標管理試行辦法>的決定》 issued by the CSRC on 21 February 2013, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) The Net Capital shall not be less than RMB15 million;
- (ii) The ratio between Net Capital and the company's risk capital provision shall not be less than 100%;
- (iii) The ratio between Net Capital and net assets shall not be less than 40%;
- (iv) The ratio between current assets and current liabilities shall not be less than 100%; and
- (v) The ratio between liabilities and net assets shall not be higher than 150%.

Net Capital refers to net assets minus risk adjustments on certain types of assets and liabilities as defined in the Administrative Measures.

During the reporting period, the Company has taken sufficient measures to maintain the above ratios in compliance with the relevant capital requirements.

The subsidiaries of the Group are not subject to capital requirements under the PRC and Hong Kong regulatory requirements. The subsidiaries do not need to comply with the relevant capital requirements during the reporting period.

36 Financial risk management and fair values of financial instruments (continued)

(g) Fair value measurement

Financial assets and liabilities measured at fair value – Fair value hierarchy

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

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

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.

36 Financial risk management and fair values of financial instruments (continued)

(g) Fair value measurement (continued)

There was transfers between Level 1 and Level 3 during the reporting period. The Group held the stock named 'Chang Hang You Yun' (code: 600087), an A-share listed company, and it was suspended on May 2013 and officially delisted from the Shanghai Stock Exchange on 5 June 2014 because the company had been loss making for more than four years. On 20 April 2015, the stock was relisted on the National Equities Exchange and Quotations (code: 400061) after the completion of its restructuring. Thus, the Group transferred the stock amounting to a total of RMB1,121 thousands from Level 3 to Level 1 as at 31 December 2015.

Other than the above, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the reporting period. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level 1. Instruments included in Level 1 comprise securities traded on exchanges and funds investments traded through exchanges.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(iii) Valuation methods

As at 31 December, the Group's valuation methods for specific investments are as follows:

- (1) For listed equity securities, fair value is determined based on the closing price of the equity securities as at the end of the reporting period, within bid-ask spread. If there is no quoted market price as at the reporting date and there have been significant changes in the economic environment after the most recent trading date, valuation techniques are used to determine the fair value.
- (2) For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at the end of the reporting period or the most recent trading date. For unlisted open-end funds, fair value is determined by quoted price which is based on the net asset value as at the end of the reporting period.
- (3) For futures traded through exchanges, fair value is determined based on the closing price of the commodity futures as at the end of the reporting period.
- (4) For futures traded through over-the-counter market, fair values are determined using valuation techniques based on observable commodity futures market data with similar characteristics.

36 Financial risk management and fair values of financial instruments (continued)

(g) Fair value measurement (continued)

(iv) Financial instruments in Level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Available- for-sale financial assets	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Total
As at 1 January 2015	1,000	20,147	(12,140)	9,007
Purchases	286,120	7,000	(46,200)	246,920
Transfer out of level 3	–	(1,121)	–	(1,121)
Changes in fair value recognised in other comprehensive income	(74)	–	–	(74)
Gains or losses for the year	1,364	1,203	(669)	1,898
Sales and settlements	(285,084)	(19,949)	24,919	(280,114)
As at 31 December 2015	3,326	7,280	(34,090)	(23,484)
Total gains or losses for the year reclassified from other comprehensive income on disposal	1,364	–	–	1,364
Unrealised gains or losses for the year included in profit or loss for assets held and liabilities assumed at the end of the year	–	280	(890)	(610)

	Available- for-sale financial assets	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Total
As at 1 January 2014	21,207	2,447	–	23,654
Purchases	20,000	24,573	(10,000)	34,573
Gains or losses for the year	902	(2,103)	(2,140)	(3,341)
Sales and settlements	(41,109)	(4,770)	–	(45,879)
As at 31 December 2014	1,000	20,147	(12,140)	9,007
Total gains or losses for the year reclassified from other comprehensive income on disposal	1,109	–	–	1,109
Unrealised gains or losses for the year included in profit or loss for assets held and liabilities assumed at the end of the year	–	(2,103)	(2,140)	(4,243)

36 Financial risk management and fair values of financial instruments (continued)

(g) Fair value measurement (continued)

(iv) Financial instruments in Level 3 (continued)

For financial instruments in Level 3, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 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 3.

Financial instruments	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Wealth management products, asset management plans and funds	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Equity securities with limited marketability	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value
	Futures price of comparable commodity futures which will mature within one month as at 31 December		The higher the risk free discount rate, the lower the fair value
Receivables and payables		Risk free discount rate	

Fair value of financial assets and liabilities carried at other than fair value

For those financial assets and liabilities that are due within one year, their carrying amounts are close to their fair values. The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values during the reporting period.

37 Commitments

(a) Capital commitments

	As at 31 December 2015	As at 31 December 2014
Contracted but not provided for	42,000	–

(b) Operating lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	31 December 2015	31 December 2014
Within 1 year	16,830	12,680
After 1 year but not more than 2 years	13,868	6,789
After 2 year but not more than 3 years	6,020	4,576
After 3 years	1,118	2,711
Total	37,836	26,756

38 Contingencies

On 8 May 2015, an individual customer together with the company she owns (“customers”) filed lawsuits against the Company, alleging that (i) one of the Company’s former employees carried out unauthorized futures trading under their accounts and (ii) the Company had charged them brokerage commissions in excess of the rate as agreed under the brokerage service agreements. The aggregate amount of these two claims was approximately RMB46.8 million together with an aggregate interest of approximately RMB12.0 million.

On 9 November 2015, the Company received the relevant first trial judgments dated 5 November 2015 (the “Trial Judgments”) granted by the Intermediate People’s Court of Nanjing City, Jiangsu Province (the “Nanjing Court”). According to the Trial Judgments, the Nanjing Court ruled that, among other things, (i) the Company has not violated any of the relevant brokerage service agreements and the unauthorized futures trading activities of that former employee were personal dealings and as a result, consequences of such unauthorized trading activities should not be borne by the Company and (ii) the brokerage commission rates charged by the Company were in accordance with the terms of the relevant brokerage service agreements.

On 23 November 2015, the customers appealed to the Higher People’s Court of Jiangsu Province, requesting that, among other things, the Higher People’s Court of Jiangsu Province revoke the Trial Judgments. As at the date of this report, the legal proceedings with the customers are still on-going.

On the basis of the Trial Judgments, the directors consider that no provision in the consolidated financial statements is required.

Except for the above, as at 31 December 2015, the Group were not involved in any material legal, arbitration or administrative proceedings which the Group expect would have significant adverse impact on the financial position and financial performance.

39 Material related party transactions

(a) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership.

Share percentage in the Company

	31 December 2015	31 December 2014
Jiangsu SOHO Holding Group Co., Ltd.	30.37%	43.09%
Jiangsu Holly Corporation * (江蘇弘業股份有限公司)	16.31%	21.75%
Jiangsu Holly Su Industrial Co., Ltd. * (江蘇弘蘇實業有限公司)	15.83%	21.11%
Jiangsu High Hope International Group Co., Ltd. * (江蘇匯鴻國際集團有限公司)	7.05%	10.00%

* The English translation of the name of the company is for reference only. The official name of the company is in Chinese.

SOHO Holding is the parent of the Group during the reporting period.

(ii) Subsidiaries of the Company

Details of the Company's subsidiaries are disclosed in Note 15.

(iii) Associates

Details of the Group's associates are disclosed in Note 16.

(iv) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

39 Material related party transactions (continued)

(b) Related party transactions and balances

(i) Transactions between the Group and shareholders

	31 December 2015	31 December 2014
Balances at the end of the year		
Trade receivables	–	6,900
Derivative financial assets	–	1,395
Accounts payable to brokerage clients	16,825	8,293
Trade payables	–	3
Other payables	118	–
	2015	2014
Transactions during the year		
Commission and fee income	7	1
Operating lease charges	5,041	5,777
Office expenses	1	3
Other expenses	189	226
Receipt arising from compensation for financial assets held under resale agreements	26,148	–

(ii) Transactions between the Group and associates

	31 December 2015	31 December 2014
Balances at the end of the year		
Other payables	85	85

(iii) Transactions between the Group and other related parties

	31 December 2015	31 December 2014
Balances at the end of the year		
Other receivables	18	18
Accounts payable to brokerage clients	68,032	75,188
Other payables	–	175
	2015	2014
Transactions during the year		
Commission and fee income	993	476
Operating lease charges	586	46
Repair and maintenance expenses	430	686
Property management expenses	622	715

39 Material related party transactions (continued)

(b) Related party transactions and balances (continued)

(iv) Transactions between the Company and subsidiaries

	31 December 2015	31 December 2014
Balances at the end of the year		
Accounts payable to brokerage clients	28,459	107,742
	2015	2014
Transactions during the year		
Commission and fee income	139	12

(c) Guarantee issued by related parties

	31 December 2015	31 December 2014
Guarantee issued in relation to bank loans granted to the Group:	–	59,993

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the five highest paid individuals as disclosed in Note 9, are as follows:

	2015	2014
Short-term employee benefits		
– Fees, salaries, allowances and bonuses	4,899	4,543
Post-employment benefits		
– Contributions to pension scheme	307	235
Total	5,206	4,778

Total remuneration is included in "staff costs" (see note 6(a)).

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Note 39(b)(i) and Note 39(b)(iii) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in Section VIII "Other Material Matters".

40 Segment reporting

The Group manages and conducts its business activities by business segments. In a manner consistent with the way in which statements is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following segments:

- The futures brokerage and asset management business segment engages in the trading of commodity futures and financial futures on behalf of clients, and also developing and selling asset management products and services based on the asset scale and clients' needs. In addition, the activities of investing in wealth management product, listed and unlisted securities are included in this segment.
- The commodity trading and risk management business segment engages in providing the services of purchase and resale of commodities, futures arbitrage and hedging.

(a) Business segments

For the year ended 31 December 2015

	Futures brokerage and asset management business	Commodity trading and risk management business	Total
Revenue			
– External	275,789	16,794	292,583
– Inter-segment	139	–	139
Other income and gains			
– External	14,960	15,836	30,796
– Inter-segment	10,000	–	10,000
Segment revenue and other income	300,888	32,630	333,518
Segment expenses	(222,121)	(11,241)	(233,362)
Segment operating profit	78,767	21,389	100,156
Share of losses of associates	(541)	–	(541)
Profit before taxation	78,226	21,389	99,615
Interest income	107,576	5,124	112,700
Interest expenses	(5,813)	(2,024)	(7,837)
Depreciation and amortisation	(8,001)	(24)	(8,025)
Segment assets	5,372,698	182,248	5,554,946
Additions to non-current segment assets during the year	3,910	55	3,965
Segment liabilities	(3,862,866)	(16,689)	(3,879,555)

40 Segment reporting (continued)

(a) Business segments (continued)

For the year ended 31 December 2014

	Futures brokerage and asset management business	Commodity trading and risk management business	Total
Revenue			
– External	266,579	7,296	273,875
– Inter-segment	12	–	12
Other income and gains	11,691	9,921	21,612
Segment revenue and other income	278,282	17,217	295,499
Segment expenses	(210,751)	(7,835)	(218,586)
Segment operating profit	67,531	9,382	76,913
Share of losses of associates	(519)	–	(519)
Profit before taxation	67,012	9,382	76,394
Interest income	99,942	6,544	106,486
Interest expenses	–	(1,103)	(1,103)
Depreciation and amortisation	(7,918)	(17)	(7,935)
Segment assets	3,250,635	224,348	3,474,983
Additions to non-current segment assets during the year	17,983	63	18,046
Segment liabilities	(2,103,814)	(117,190)	(2,221,004)

40 Segment reporting (continued)

(a) Business segments (continued)

Reconciliations of segment revenues, profit or loss, assets and liabilities:

	2015	2014
Revenue		
Total revenue and other income for segments	333,518	295,499
Elimination of inter-segment revenue	(139)	(12)
Elimination of inter-segment other income and gains	(10,000)	–
Consolidated revenue and other income	323,379	295,487
Profit		
Total profit before tax for segments	99,615	76,394
Elimination of inter-segment profit	(10,139)	(12)
Consolidated profit before income tax	89,476	76,382

	31 December 2015	31 December 2014
Assets		
Total assets for segments	5,554,946	3,474,983
Elimination of inter-segment assets	(26,181)	(107,343)
Consolidated total assets	5,528,765	3,367,640
Liabilities		
Total liabilities for segments	(3,879,555)	(2,221,004)
Elimination of inter-segment liabilities	26,181	107,343
Consolidated total liabilities	(3,853,374)	(2,113,661)

(b) Geographical segments

The following table sets out statements about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interest in associates.

	2015			2014		
	Mainland China	Hong Kong	Total	Mainland China	Hong Kong	Total
Segment revenue						
Revenue from external customers	289,227	3,356	292,583	271,665	2,210	273,875
Other income and gains	30,796	–	30,796	21,612	–	21,612
Total	320,023	3,356	323,379	293,277	2,210	295,487

	31 December 2015			31 December 2014		
	Mainland China	Hong Kong	Total	Mainland China	Hong Kong	Total
Specified non-current assets	91,554	564	92,118	96,055	678	96,733

41 Interest in structured entities

(a) Interests in structured entities consolidated by the Group

Structured entities consolidated by the Group stand for the asset management plans where the Group involves as manager and also as investor. The Group assesses whether the consolidation of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the asset management product to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2015, the total assets of the consolidated asset management plans are RMB46,149 thousands (31 December 2014: RMB5,148 thousands), and the carrying amount of interests held by the Group in the consolidated asset management plans are RMB17,729 thousands (31 December 2014: RMB5,148 thousands), which are accounted for financial assets at fair value through profit or loss.

(b) Structured entities sponsored by third party institutions in which the Group holds an interest

The types of structured entities that the Group does not consolidate but in which it holds an interest include funds and asset management plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December, which are listed as below:

	31 December 2015		Total
	Available for-sale financial assets	Financial assets at fair value through profit or loss	
Funds	1,000	37,210	38,210
Asset management plans	–	7,280	7,280
Total	1,000	44,490	45,490

	31 December 2014		Total
	Available for-sale financial assets	Financial assets at fair value through profit or loss	
Funds	7,165	5,148	12,313

During the reporting periods, the comprehensive income from the unconsolidated structured entities held by the Group was as follows:

	2015	2014
Revenue	5,240	4,327
Net investment gains		
– Net realized gains	6,959	1,159
– Net unrealized fair value changes	64	98
– Dividend income	141	203
Other comprehensive income	–	491
Total	12,404	6,278

The maximum exposure to loss for funds and asset management plans are the fair value as at 31 December.

41 Interest in structured entities (continued)

(c) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include asset management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. Interest held by the Group only includes fees charged by providing asset management services.

As at 31 December 2015, the amount of assets held by the unconsolidated asset management products, which are sponsored by the Group is RMB166,473 thousands (31 December 2014: RMB209,217 thousands).

During the year ended 31 December 2015, the amount of fee and commission income received from the abovementioned structured entities sponsored by the Group is RMB3,066 thousands (2014: RMB401 thousands).

42 Company-level statement of financial position

	31 December 2015	31 December 2014
Non-current assets		
Property, plant and equipment	11,718	13,154
Goodwill	43,322	43,322
Intangible assets	23,655	26,207
Investment in subsidiaries	163,719	100,000
Interest in associates	12,775	13,316
Deferred tax assets	2,568	1,951
Total non-current assets	257,757	197,950
Current assets		
Refundable deposits	687,076	766,649
Other receivables	483,828	16,879
Other current assets	4,297	7,534
Available-for-sale financial assets	6,599	17,797
Financial assets at fair value through profit or loss	44,594	3,429
Cash held on behalf of brokerage clients	2,937,017	1,244,921
Cash and bank balances	1,003,427	986,403
Total current assets	5,166,838	3,043,612

42 Company-level statement of financial position (continued)

	Notes	31 December 2015	31 December 2014
Current liabilities			
Accounts payable to brokerage clients		3,596,342	1,975,726
Other payables		152,991	27,734
Financial liabilities at fair value through profit or loss		15,643	–
Current taxation		57	5,145
Total current liabilities		3,765,033	2,008,605
NET CURRENT ASSET		1,401,805	1,035,007
TOTAL ASSETS LESS CURRENT LIABILITIES		1,659,562	1,232,957
NET ASSETS		1,659,562	1,232,957
Capital and reserves			
Share capital	35(a)	907,000	680,000
Reserves	35(a)	752,562	552,957
TOTAL EQUITY		1,659,562	1,232,957

Approved and authorised for issue by the board of directors on 30 March 2016.

Zhou Yong)
Zhou Jianqiu) *Directors*

43 Non-adjusting events after the reporting period

- (a) On 24 March 2016, the directors considered and approved the establishment of Holly Fund Management Co., Ltd. (“Holly Fund”) through the joint capital contribution by the Company and other investors. The proposed total investment in Holly Fund amounts to RMB120 million, of which RMB42 million is proposed to be contributed by the Company as the first major shareholder holding 35% equity interest in Holly Fund. The proposed scope of business of Holly Fund includes fund offering, fund sales, provision of asset management service for specific clients, asset management and other activities as approved by the CSRC.
- (b) On 23 March 2016, the MOF and the State Administration of Taxation (“SAT”) jointly issued <MOF and SAT issue notice on Value Added Tax (“VAT”) reform implementation> (Circular Caishui [2016] 36 (“Circular 36”)), effective from 1 May 2016, which contains the VAT rates and rules applicable to all of the industries that are transitioning from Business Tax (“BT”) to VAT. The Company is principally engaged in financial services, and the BT rate is 5% during the reporting period. According to Circular 36, since 1 May 2016 the Company is subject to VAT on a net basis at the statutory tax rate of 6%. Circular 36 has no effect on the carrying value of current taxation as at 31 December 2015. The Company is assessing the influence of Circular 36 to the future taxation.
- (c) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in Note 35(b).

Except for the above, the Group has no other significant non-adjusted events subsequent to the end of the reporting period as at the date of approval to the financial statements.

44 Immediate and ultimate controlling party

At 31 December 2015, the directors consider the immediate parent and ultimate controlling party of the Group to be SOHO Holding, which is incorporated in PRC. This entity does not produce financial statements available for public use.

45 Possible impact of amendments, new standards and interpretations issued but not yet effective for year ended 31 December 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKFRS 14, Regulatory deferral accounts	1 January 2016
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41, Agriculture: Bearer plants	1 January 2016
Amendments to HKAS 27, Equity method in separate financial statements	1 January 2016
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to HKAS 1, Disclosure initiative	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

HKFRS 9, Financial instruments

HKFRS 9 replaces the existing guidance in HKAS 39 Financial instruments: Recognition and measurement. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment loss on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction contracts and HK(IFRIC)-Int 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.