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(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “东方证券股份有限公司” and carrying on business in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))

(Stock Code: 03958)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the “**Board**”) of 東方證券股份有限公司 (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2016. This announcement, containing the full text of the 2016 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.dfzq.com.cn).

The Company's 2016 interim report will be despatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board of Directors
PAN Xinjun
Chairman

Shanghai, PRC
August 28, 2016

As at the date of this announcement, the Board of Directors comprises Mr. PAN Xinjun and Mr. JIN Wenzhong as executive Directors; Mr. WU Jianxiong, Mr. ZHANG Qian, Mr. WU Junhao, Mr. CHEN Bin, Mr. LI Xiang, Ms. HUANG Laifang and Mr. ZHOU Yao as non-executive Directors; and Mr. LI Zhiqiang, Mr. XU Guoxiang, Mr. TAO Xiuming, Mr. WEI Anning, Mr. PAN Fei and Mr. XU Zhiming as independent non-executive Directors.

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Important Notice

- I. The Board of Directors, the supervisory committee of the Company and its Directors, supervisors and senior management warrant that the information contained herein is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept legal liability.
- II. This report was reviewed and passed at the twenty-first meeting of the third session of the Board and the eighth meeting of the third session of the supervisory committee of the Company. Mr. Zhang Qian, a non-executive director, was unable to attend the Board meeting in person due to business affairs, and had appointed Mr. Wu Junhao, a non-executive director, to vote on his behalf. None of the directors or supervisors has made any objection to this report.
- III. The 2016 interim financial report of the Company, prepared in accordance with the International Financial Reporting Standards (“**IFRS**”), was reviewed by Deloitte Touche Tohmatsu. All financial data in this report was denominated in RMB unless otherwise specified.
- IV. The Chairman of the Company, Mr. Pan Xinjun, and the accounting chief and person-in-charge of the accounting department (head of the accounting department), Mr. Zhang Jianhui, warrant the truthfulness, accuracy and completeness of the financial report set out in the interim report.
- V. The profit distribution proposal or proposal on transfer of capital reserve fund into share capital for the Reporting Period reviewed by the Board
The Company did not propose any profit distribution proposal or proposal on conversion of capital reserve into share capital during the first half of 2016.
- VI. Risk statement for forward-looking statement
The forward-looking statements contained in this report such as future plans and development strategies do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.
- VII. Were there any non-operational funds appropriated by controlling shareholders and their related parties?
No
- VIII. Did the Company provide third-party guarantees in violation of the decision-making procedures?
No
- IX. Others
Unless otherwise specified, the analysis and explanation provided in this report are all based on the consolidated accounting statement.

Section I Definitions

Unless otherwise stated, the following terms shall have the following meanings in this report:

Definitions of frequently used terms

“A Share(s)”	the domestic shares of the Company with a nominal value of RMB1 each, which are listed for trading on the SSE
“Articles of Association”	the articles of association of 東方證券股份有限公司
“BDO”	BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)
“Board” or “Board of Directors”	the board of directors of DFZQ
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, the Special Administrative Region of Macau of the PRC and Taiwan
“China Universal”	China Universal Asset Management Limited Liability Company (匯添富基金管理股份有限公司), an investee company of the Company
“Citi Orient”	Citi Orient Securities Co., Ltd. (東方花旗證券有限公司), a subsidiary of the Company
“Company” or “the Company” or “Parent Company” or “DFZQ”	東方證券股份有限公司
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Group” or “the Group”	東方證券股份有限公司 and its subsidiaries
“H Share(s)”	the ordinary shares of the Company with a nominal value of RMB1 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Special Administrative Region of Hong Kong of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules

Section I Definitions

“NSSF”	the National Council for Social Security Fund of the PRC
“Orient Hong Kong”	Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Asset Management”	Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Capital Investment”	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Futures”	Shanghai Orient Securities Futures Co., Ltd. (上海東證期貨有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Innovation Investment”	Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司), a wholly-owned subsidiary of the Company
“Reporting Period”	the six months from January 1, 2016 to June 30, 2016
RMB, RMB'000, RMB'0000, RMB100 million	Renminbi Yuan, Renminbi '000, Renminbi '0000, Renminbi 100 million (unless otherwise specified)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Haiyan Investment”	Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司)
“Shanghai Bureau of the CSRC”	the Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission
“Shenergy Group”	Shenergy (Group) Company Limited
“SSE”	Shanghai Stock Exchange
“Wenhui-Xinmin Press Group”	Wenhui-Xinmin United Press Group

Section II Company Profile

I. COMPANY INFORMATION

Chinese name of the Company	東方證券股份有限公司
Chinese abbreviation of the Company	東方證券
English name of the Company	ORIENT SECURITIES COMPANY LIMITED
English abbreviation of the Company	DFZQ
Legal representative of the Company	Pan Xinjun
General manager of the Company	Jin Wenzhong
Authorized representatives of the Company	Pan Xinjun, Jin Wenzhong
Joint company secretaries	Yang Yucheng, Leung Wing Han Sharon

Registered capital and net capital

	As at the end of this Reporting Period	As at the end of last year
Registered capital	5,281,742,921.00	5,281,742,921.00
Net capital	22,435,705,319.52	25,758,895,609.15

Each individual business qualification of the Company

No.	Name of business qualification	Approval authority and approval number
1	Permit to operate securities business	CSRC (No.: 10160000)
2	Entry qualification for national inter-bank lending market and bonds market to conduct lending, bonds purchase, spot transaction of bonds and bonds repurchase business	Monetary Policy Department of the People's Bank of China (Yin Huo Zheng [2000] No. 108)
3	Qualification for conducting online securities commissioning	CSRC (Zheng Jian Xin Xi Zi [2001] No. 8)
4	Qualification for conducting distribution business of open-ended securities investment funds	CSRC (Zheng Jian Ji Jin Zi [2004] No. 50)
5	Qualification for conducting SSE Fund Connect business	SSE Membership Department (SSE [2005])
6	Qualification for conducting underwriting business of short term financing bills	People's Bank of China (Yin Fa [2005] No. 275)
7	Pilot securities companies conducting relevant innovation businesses	Securities Association of China (Review Notice No. 2 on Securities Companies Engaging in Innovation Businesses Issued by Securities Association of China)

Section II Company Profile

No.	Name of business qualification	Approval authority and approval number
8	Qualification for conducting share transfer agency business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 158)
9	Qualification for conducting quotation and transfer business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 173)
10	Dealer qualification for Integrated Electronic Platform of Fixed-income Securities of SSE	SSE (Shang Zheng Hui Zi [2007] No. 45)
11	Approval of brokerage business qualification on financial futures	CSRC (Zheng Jian Qi Huo Zi [2007] No. 351)
12	Qualification of Type A clearing participants of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2008] No. 25)
13	Qualification for clearing business of financial futures transaction	CSRC (Zheng Jian Xu Ke [2008] No. 684)
14	Qualification for provision of intermediary and referral services to futures companies	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 132)
15	Establishment of wholly-owned subsidiary, Shanghai Orient Securities Asset Management Co., Ltd. and qualification for conducting securities assets management business	CSRC (Zheng Jian Xu Ke [2010] No. 518)
16	Qualification for conducting margin financing and securities lending business	CSRC (Zheng Jian Xu Ke [2010] No. 764)
17	Type 1 Licence – Dealing in securities Type 4 Licence – Advising on securities	Securities and Futures Commission of Hong Kong (CE No. AVD362)
18	Type 9 Licence – Asset management	Securities and Futures Commission of Hong Kong (CE No. AVH864)
19	Qualification for implementation of the securities broker system	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 514)
20	Type 2 Licence – Dealing in futures contracts	Securities and Futures Commission of Hong Kong (CE No. AWD036)
21	Establishment of Citi Orient Securities Co., Ltd., qualification for conducting investment banking business	CSRC (Zheng Jian Xu Ke [2011] No. 2136)
22	Qualification for trial operation of dealer-quoted collateralized bond repurchase business	CSRC (Ji Gou Bu Bu Han [2012] No. 20)
23	Qualification for provision of integrated services to insurance institutional investors	China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)
24	Qualification for conducting securities repurchase agreement transaction business	CSRC (Ji Gou Bu Bu Han [2012] No. 481) SSE (Shang Zheng Hui Zi [2012] No. 167) Shenzhen Stock Exchange (Shen Zheng Hui [2013] No. 15)

Section II Company Profile

No.	Name of business qualification	Approval authority and approval number
25	Qualification for investment manager of insurance funds	Announcement of the China Insurance Regulatory Commission
26	Qualification of pilot margin refinancing	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2012] No. 149 and Zhong Zheng Jin Han [2012] No. 153)
27	Qualification for assets management business	CSRC (Zheng Jian Xu Ke [2012] No. 1501)
28	Qualification for conducting special institutional client business of insurance institutions	China Insurance Regulatory Commission (Notice on Conducting Special Institutional Client Business of Insurance Institutions)
29	Qualification of sponsor	CSRC (Zheng Jian Xu Ke [2013] No. 33)
30	Permit to operate futures business	CSRC (No.: 31350000)
31	Qualification for financial products distribution business	Shanghai Bureau of the CSRC (Hu Zheng Jian Ji Gou Zi [2013] No. 52)
32	Qualification for conducting brokerage business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Han [2013] No. 44)
33	Conducting comprehensive custodian business for private equity fund (limited partnership)	CSRC (Ji Gou Bu Bu Han [2013] No. 174)
34	Qualification for conducting pilot consumption and payment service of securities funds of clients	CSRC (Ji Gou Bu Bu Han [2013] No. 207)
35	Permit to operate securities investment business	CSRC (RQF2013HKS015)
36	Qualification for collateralized stock repurchase business	SSE (Shang Zheng Hui [2013] No. 77) Shenzhen Stock Exchange (Shen Zheng Hui [2013] No. 60)
37	Qualification for conducting securities pledge registration agency business	China Securities Depository and Clearing Corporation Limited (Confirmation on Qualification for Securities Pledge Registration Agency Business)
38	Qualification for management business of publicly offered securities investment fund	CSRC (Zheng Jian Xu Ke [2013] No. 1131)
39	Qualification for equity-based return swaps and OTC options business	Securities Association of China (Zhong Zheng Xie Han [2013] No. 923)
40	Qualification for conducting pilot securities refinancing business	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2013] No. 227)
41	Qualification for conducting securities underwriting business (limited to government bonds, financial bonds of policy banks, short-term financing bills and medium-term notes)	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2013] No. 265)
42	Permit to operate securities business	CSRC (No.: 10168001)
43	Qualification for brokerage business of marketable securities in foreign currencies	Shanghai Bureau of State Administration of Foreign Exchange (Shang Hai Hui Fu [2014] No. 15)

Section II Company Profile

No.	Name of business qualification	Approval authority and approval number
44	License of Securities Business in Foreign Currency	State Administration of Foreign Exchange (SC201102)
45	Qualification for conducting market maker business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Gong Gao [2014] No. 54, Gu Zhuan Xi Tong Han [2014] No. 707)
46	Qualification of first batch of quotation and service participants of private fund products trading between companies	China Securities Capital Market Development Monitoring Centre Company Limited (List of Participants of Quotation System [First Batch])
47	Type 6 Licence – Advising on corporate finance	Securities and Futures Commission of Hong Kong (CE No. BDN128)
48	Permit to conduct Shanghai-Hong Kong Stock Connect business	SSE (Shang Zheng Han [2014] No. 626)
49	Qualification for pilot OTC market business	Securities Association of China (Zhong Zheng Xie Han [2014] No. 632)
50	Qualification for pilot proprietary business of gold spot contract	CSRC (Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1876)
51	Pilot online securities business	Securities Association of China (Announcement on List of Securities Companies Conducting Pilot Online Securities Business (No. 3))
52	Qualification for underwriting business of debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Announcement of National Association of Financial Market Institutional Investors [2014] No. 16)
53	Qualification of options transaction participants of SSE and permit to operate stock and options brokerage and proprietary business and qualification for options clearing business	SSE (Shang Zheng Han [2015] No. 61) China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2015] No. 11)
54	Qualification for conducting transfer and deposit service of clients' deposits	China Securities Investor Protection Fund Corporation (Zheng Bao Han [2015] No. 67)
55	Qualification for stock and options market making business	CSRC (Zheng Jian Xu Ke [2015] No. 163)
56	Qualification of general market maker for SSE 50ETF Options	SSE (Shang Zheng Han [2015] No. 433)
57	Qualification for conducting quotation business for debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Zhong Shi Xie Bei [2015] No. 32)
58	Qualification for sales of securities investment fund	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2016] No. 61)
59	Qualification for company conducting pilot market making business for quotation system	China Securities Internet System Co., Ltd.

Section II Company Profile

No.	Name of business qualification	Approval authority and approval number
60	Permit to operate securities business, with business scope of underwriting and sponsoring of securities (excluding government bonds, financial bonds of policy banks, short-term financing bills and medium-term notes)	CSRC (No.: 13790000)
61	Qualification for funds sales business	CSRC (No.: 000000519)
62	Contractor of service in relation to private equity fund business	Asset Management Association of China
63	Qualification for issue of short-term financing bills	CSRC (Ji Gou Bu Han [2015] No. 3337)
64	License of Money Lenders	Eastern Magistrates' Courts of Hong Kong (No. 0048/2016)

In addition, the Company was a member of Securities Association of China, SSE, Shenzhen Stock Exchange, National Debt Association of China and Shanghai Gold Exchange. It was also a clearing participant of China Securities Depository and Clearing Corporation Limited and a member of Asset Management Association of China.

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Yang Yucheng	Wang Rufu
Correspondence address	28/F, Building 2, No. 318 Zhongshan South Road, Shanghai, the PRC	23/F, Building 2, No. 318 Zhongshan South Road, Shanghai, the PRC
Tel	+86-021-63325888	+86-021-63325888
Fax	+86-021-63326010	+86-021-63326010
E-mail	yyc@orientsec.com.cn	wangrf@orientsec.com.cn

Section II Company Profile

III. CHANGES IN BASIC COMPANY INFORMATION

Registered address	22/F, 23/F and 25-29/F, Building 2, No. 318 Zhongshan South Road, Shanghai, the PRC
Postal code of registered address	200010
Business address	13/F, 21-23/F, 25-29/F, 32/F, 36/F, 39/F and 40/F, Building 2, No. 318 Zhongshan South Road, Huangpu District, Shanghai, the PRC
Postal code of business address	200010
Place of business in Hong Kong	28-29/F, 100 Queen's Road Central, Central, Hong Kong
Internet website	www.dfzq.com.cn
E-mail	ir@orientsec.com.cn

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by CSRC for publication of interim reports	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of interim reports	www.hkexnews.hk
Interim reports of the Company are available at	23/F, Building 2, No. 318 Zhongshan South Road, Huangpu District, Shanghai, the PRC

V. INFORMATION ON SHARES OF THE COMPANY

Type of shares	Stock exchange on which shares are listed	Stock name	Stock code
A Share	SSE	DFZQ	600958
H Share	Hong Kong Stock Exchange	DFZQ	03958

Section II Company Profile

VI. CHANGES IN REGISTRATION STATUS DURING THE REPORTING PERIOD

Registration date of the Company	June 4, 2015
Registered address of the Company	Shanghai Administration for Industry and Commerce, the PRC
Registration number of corporate business license	310000000092649
Registration number of tax certificate	310101132294776
Organization code	13229477-6

On July 11, 2016, the Company has completed the “integration of three licenses” and its unified social credit code of 913100001322947763 became effective.

VII. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name	BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)
	Address	4/F, No. 61 Nanjing Road East, Shanghai, the PRC
Overseas accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu
	Address	35/F, One Pacific Place, No. 88 Queensway, Hong Kong
Chief Risk Officer and Compliance Officer	Yang Bin	
Legal Advisor to the Company, as to the PRC law	Grandall Law Firm (Shanghai)	
Legal Advisor to the Company, as to Hong Kong law	Clifford Chance	
Compliance Advisor	Anglo Chinese Corporate Finance, Limited	
A Share Registrar	Shanghai Branch of China Securities Depository and Clearing Corporation Limited	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

Section III Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(Unless otherwise indicated, all accounting data and financial indicators set out in this report are prepared in accordance with IFRS.)

(I) Key Accounting Data and Financial Indicators

Items	From January to June 2016	From January to June 2015	Changes from previous period
Operating results (RMB'000)			
Revenue and other income	5,749,448	13,348,670	-56.93%
Profit before income tax	1,560,604	7,700,561	-79.73%
Profit for the period-attributable to owners of the Company	1,283,432	5,877,606	-78.16%
Net cash used in operating activities	(359,208)	(15,079,070)	-
Earnings per share (RMB/share)			
Basic earnings per share	0.24	1.23	-80.49%
Diluted earnings per share	0.24	1.23	-80.49%
Indicator of profitability			
Weighted average returns on net assets (%)	3.71%	22.26%	Decreased by 18.55 percentage points
Items	As at June 30, 2016	As at December 31, 2015	Changes as at the end of this period over the previous year
Indicators of scale (RMB'000)			
Total assets	192,533,849	207,897,562	-7.39%
Total liabilities	159,096,031	172,521,817	-7.78%
Accounts payable to brokerage clients	36,283,534	43,193,275	-16.00%
Equity attributable to owners of the Company	32,947,637	34,958,119	-5.75%
Total share capital ('000)	5,281,743	5,281,743	0.00%
Net assets per share attributable to owners of the Company (RMB/share)	6.24	6.62	-5.74%
Gearing ratio (%) ^{Note}	82.63%	82.98%	Decreased by 0.35 percentage point

Note: Gearing ratio = Total liabilities/Total assets

Section III Summary of Accounting Data and Financial Indicators

(II) Description of Key Financial Data

The downturn in capital market since the second half of 2015 remained in the first half of 2016, as the trading volume of stocks and funds shrunk significantly as compared with the corresponding period of last year. The Group put in extra efforts in innovation and transformation, optimized capital allocation and actively accommodated the changes in market. However, the operating results of the Company decreased remarkably as compared with the corresponding period of last year due to the significant market impact. Revenue and other income and net profit attributable to owners of the Company in the first half of 2016 decreased by 56.93% and 78.16% as compared with the corresponding period of last year, respectively.

(III) Net Capital and Risk Control Indicators of the Parent Company

As of the end of the Reporting Period, net capital of the Parent Company was RMB22,436 million, decreased by RMB3,323 million or 12.90% from RMB25,759 million at the end of last year. During the Reporting Period, major risk control indicators of the Parent Company, including net capital, were in compliance with the standards as stipulated in the Administrative Measures of Risk Control Indicators for Securities Companies. Major risk control indicators of the Parent Company as at the end of the Reporting Period, including net capital, were set out as follows:

Unit: RMB'000

Items	As of the end of this Reporting Period	As of the end of last year
Net capital	22,435,705.32	25,758,895.61
Net assets	31,434,967.53	33,875,145.05
Net capital/sum of risk reserves (%)	648.20	796.25
Net capital/net assets (%)	71.37	76.04
Net capital/liabilities (%)	19.89	21.50
Net assets/liabilities (%)	27.87	28.28
Proprietary equity-based securities and securities derivatives/net capital (%)	84.74	83.09
Proprietary fixed income securities/net capital (%)	278.55	247.07

II. DIFFERENCES BETWEEN IFRS AND PRC GAAP

Net profits for January to June 2016 and January to June 2015, and net assets as at June 30, 2016 and December 31, 2015 as stated in the consolidated financial statements of the Group prepared in accordance with PRC GAAP are consistent with those prepared in accordance with IFRS.

Section IV Report of The Board of Directors

I. BOARD DISCUSSION AND ANALYSIS ON OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overview of Operations

Following the drastic downturn of last year, the securities market in China remained at low-level and fluctuated during the first half of 2016. With the market remained stagnant, the transaction volume of stocks and funds shrunk significantly as compared with the corresponding period of last year. SSE, Shenzhen Stock Exchange, and ChiNext indexes declined by over 15% as compared with the beginning of the year while competition within the industry became increasingly intense.

Facing such a complicated and ever-changing domestic and external environment, the Company adhered to its risk bottom line, implemented the existing strategies, advanced transformation and innovation, put efforts in completing various tasks and promoted the listing of H Shares with prudent steps. The Company carried forward the “Orient” philosophy in all aspects and feared no difficulties, with a view to creating revenue and increasing efficiency, while making utmost efforts to minimize the adverse effect from the external environment on its operation and business development. As a result, it achieved income growth in securities financing and investment banking areas as compared with the corresponding period of last year. On July 8, 2016, the H Shares of the Company were successfully listed, making it the first company listed on the Hong Kong Stock Exchange after Brexit. Upon the listing, the Company officially taped into the international capital market and the new era of A Shares and H Shares development has arrived.

As at the end of the first half of 2016, the total assets of the Group amounted to RMB192,534 million, representing a decrease of 7.39% as compared with the corresponding period of last year; equity attributable to owners of the Parent Company was RMB32,948 million, representing a decrease of 5.75% as compared with the corresponding period of last year; net capital of the Parent Company was RMB22,436 million, representing a decrease of 12.90% as compared with the corresponding period of last year; net profit attributable to owners of the Parent Company was RMB1,283 million, representing a decrease of 78.16% as compared with the corresponding period of last year. The Group realized operating income of RMB5,749 million, in which, securities sales and trading contributed RMB484 million, accounting for 8.42%; investment management contributed RMB677 million, accounting for 11.78%; brokerage and securities financing contributed RMB2,863 million, accounting for 49.80%; investment banking contributed RMB801 million, accounting for 13.93%; headquarters and others contributed RMB1,091 million, accounting for 18.98%. (Consolidation and elimination were not considered when calculating segment operating income and operating expenses and their proportions. This applies to the below section.)

Section IV Report of The Board of Directors

Table of Principle Businesses of the Group

Unit: RMB'000

Business segment	Principal businesses by segments					
	Segment revenue and other income	Segment expenses	Profit margin (%)	Change in operating income from last year (%)	Change in operating costs from last year (%)	Change in profit margin from last year (%)
Securities Sales and Trading	483,739	649,438	-34.25	-93.17	-2.01	Decreased by 124.90 percentage points
Investment Management	676,705	231,946	85.34	-37.91	-57.85	Increased by 21.02 percentage points
Brokerage and Securities Financing	2,862,926	1,759,820	38.53	-29.39	-8.82	Decreased by 13.87 percentage points
Investment Banking	800,732	315,787	60.56	34.97	19.27	Increased by 5.19 percentage points
Headquarters and Others	1,090,609	1,426,655	-30.81	73.53	-42.37	Increased by 263.07 percentage points

(II) Analysis of Principal Businesses

1. Principal businesses of the Company

1) Securities Sales and Trading

Proprietary trading

Below sets out the balance of the proprietary trading business of the Company classified by assets:

(RMB million)	As at December 31, 2015	As at June 30, 2016
Stocks	9,265.9	6,196.3
Funds	4,899.5	2,679.2
Bonds	34,014.1	37,546.9
Others ^(Note)	2,170.3	2,891.9
Total	50,349.8	49,314.4

Note: Primarily include investment in assets management schemes and wealth management products using own capital.

Section IV Report of The Board of Directors

The equity-based proprietary trading business adhered to the principle of value investing by actively adjusting its position in securities and adopting a strategy focusing on products with lower risks. Through taking initiatives to revise the investment portfolio, revenue has improved significantly.

The fixed income proprietary trading business continued to grow steadily. As of the end of the Reporting Period, the balance of bonds investment reached RMB37.55 billion. In terms of market-making in inter-bank bonds market, in each month during January to June 2016, the Company remained the top 5 market makers among all securities companies. The investment advisory service business also achieved stable development, with assets under management amounted to RMB25.4 billion, representing an increase of 66% as compared with the beginning of the year. In addition, the Company actively developed the FICC business. During the Reporting Period, the gold business has developed into three major sectors, namely investment, inter-bank lending and gold-linked products. It also obtained the international membership (type A) along with Orient Hong Kong, and was allowed to conduct gold proprietary trading business and agency business on the international board.

The derivatives trading business actively responded to the external factors, expanded the diversity of income flow, promoted OTC derivative business and designed products based on customers' needs. It steadily commenced the market-making business for options and funds and enhanced the market-making efficiency and gains. It also carried out trial operation of the commodity CTA trading strategy and launched gold arbitrage trading.

NEEQ Market-making Business

In the NEEQ market-making business, positively responding to the market downturn, the Company enhanced the post-investment management and optimized the investment portfolio, adhered to the high-end market-making strategy, and selected stocks with significant growth, so as to maintain a leading position in the industry in terms of market-making transaction volume. As at the end of the Reporting Period, the Company participated in the market-making of 147 companies and recorded a balance of RMB2.93 billion, representing an increase of 42.3% as compared with the same period of last year. Among the listed companies the Company invested, 58% of them were listed as innovative companies, accounting for 75% of the market capitalization, hence the reputation and branding of the Company were reinforced. At the "China Market-making Summit 2016" held by Securities Times, the Company was awarded as the "Best NEEQ Market-maker in China".

Alternative Investment Business

As of the end of the Reporting Period, total investment of the alternative investment business amounted to RMB2.43 billion, representing an increase of 39.3% as compared with the same period of last year.

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Securities Research Business

During the Reporting Period, the securities research business continued the in-depth development of the mutual fund market and the upturn in terms of research rank among various mutual funds extended. It actively explored new clients of mutual funds and non-public funds, and opened accounts with several new clients. The business segment was in strict compliance with laws and regulation and under tight internal control. It also optimized the research report and review standards to improve staff management and management of research report publication.

In the first half of 2016, securities sales and trading business achieved operating income of RMB484 million, accounting for 8.42% of the total operating income.

2) Investment Management

During the Reporting Period, the assets management business continued to perfecting the product lines and enhanced its presence in the field of innovative funds. 20 products of various types were newly set up, with a total business value amounted to RMB123.97 billion, representing an increase of 14.06% as compared with the beginning of the year. Of which, discretionarily managed assets amounted to RMB110.91 billion, accounted for 89.5% of the total assets under management.

Below sets out the assets under management classified by product types:

(RMB million)	As at December 31, 2015	As at June 30, 2016
Collective asset management schemes	25,202.5	21,723.2
Targeted asset management schemes	53,655.1	65,755.1
Specialized asset management schemes	1,487.1	11,551.0
Mutual funds	27,525.8	24,940.4
Total	107,870.5	123,969.6

Fund Management through China Universal

The funds management business maintained steady growth. Total assets under management of China Universal amounted to RMB512.4 billion, representing an increase of 9.7% as compared with the beginning of the year; five mutual funds were newly issued, with a total raised funds of RMB285.8 billion, moving up three places from the beginning of the year and ranking seventh in China; e-commerce amounted to approximately RMB90.0 billion.

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Private Equity Investment

As of the end of the Reporting Period, private equity investment business managed assets amounted to RMB12.0 billion. During the Reporting Period, the Company completed five fund-raising projects, and together with its affiliate funds, completed nine investment projects including the privatization of Taomee Holdings Limited.

In the first half of 2016, investment management business achieved operating income of RMB677 million, accounting for 11.78% of the total operating income.

3) *Brokerage and Securities Financing*

The Company actively promoted the business transformation from securities brokerage into wealth management. In July 2016, it obtained the approval to set up 33 new branches. During the Reporting Period, the Company actively promoted the establishment of information technology and launched phase I of the “one counter-through” project to facilitate business handling for cross-region clients. It also improved the customer service of “Orient Winners” system, and the product structure comprising consultancy began to take shape. Meanwhile, the Company commenced the trial operation of the Internet financing and online investment advisory service, steadily developed the option brokerage business, and leveraged the synergy of the Group to keep improving the customer structure and promoting the asset backed securitization, PB, structured financing and pan-investment banking business.

Securities Brokerage Business

As at the end of June 2016, the Company’s trading volume of stocks and funds amounted to RMB1,670.5 billion, with a market share of 1.28%, representing an increase of 2.6% as compared with the corresponding period of last year.

The table below sets out the trading volume of securities brokerage business by types of products:

(RMB million)	For the six months ended June 30,	
	2015	2016
Stocks and funds		
Stocks	3,512,669.7	1,645,517.2
Funds	73,859.8	24,984.8
Sub-total	3,586,529.4	1,670,501.9
Bonds	2,259,943.0	4,675,263.2
Total	5,846,472.4	6,345,765.1

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Futures Brokerage Business

Given the unfavorable environment of restricted trading and economic downturn, the futures brokerage business put in extra efforts in customer exploitation during the Reporting Period. For the first half of the year, the Company recorded an increase of 22% in daily average interest of clients as compared with daily average interest throughout last year. The Company also successfully introduced the first RQFII client. The Company has a total of 24 branches, including 2 new branches established during January to July 2016, so as to strengthen the branch network.

Securities Financing Business

The total value of the securities financing business amounted to RMB38,786 million as at the end of the Reporting Period, representing an increase of 2.30% as compared with the beginning of the year. The balance of margin financing and securities lending declined in line with the market to RMB9,284 million, but the collateralized stock repurchase and repurchase agreement business grew by RMB4,738 million to RMB28,878 million against adversity and achieved an increase of 19.63% as compared with the beginning of the year.

In the first half of 2016, brokerage and securities financing business achieved operating income of RMB2,863 million, accounting for 49.80% of the total operating income.

4) *Investment Banking*

Stock Underwriting and Sponsoring Business

During the Reporting Period, the Company's stock underwriting and sponsoring business as a lead underwriter maintained a continuous growth, reaching RMB5.97 billion, representing an increase of 26.8% as compared with the corresponding period of last year. The Company completed ten equity financing projects, including one IPO project and five private placing projects, and provided financial advisory services for four ancillary financing projects. In addition, during the Reporting Period, there were also four IPO projects, two private placing projects and two financial advisory ancillary financing projects being approved by CSRC.

Debt Underwriting Business

During the Reporting Period, the debt underwriting business maintained its leading position in the industry. The Company, as a lead underwriter, has completed an underwriting amount of RMB39.19 billion, representing an increase of 117.3% as compared with the corresponding period of last year. It has underwritten 62 tranches of the registered treasury bonds with an accumulated underwritten amount increased by 195.56% as compared with the corresponding period of last year; 142 tranches of the China Development Bank financial bonds with an accumulated underwritten amount remained almost the same with that for the corresponding period of last year; 142 tranches of Agricultural Development Bank of China financial bonds with an accumulated underwritten amount increased by 144.15% as compared with the

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corresponding period of last year; various rankings were among the top of the industry. The Company completed the underwriting of five debt financing instruments as the lead underwriters, with the underwriting scale increased by 2.1 times as compared with the corresponding period of last year. The Company completed the underwriting and issue of 21 corporate bonds projects as the lead underwriters with a total issuance amount of RMB34.57 billion. The Company completed four asset backed securitization projects with a total issue amount of RMB9,374 million. There were also ten approved enterprise or corporate bonds projects pending for issuance.

Financial Advisory Business

The financial advisory business achieved steady progress and completed six major assets restructuring projects, out of which two projects were approved by CSRC.

The Company sponsored for 12 NEEQ-listed projects involving 778 million listed shares; completed 22 private placing projects with an accumulated amount of RMB1,664 million.

In the first half of 2016, investment banking business achieved operating income of RMB801 million, accounting for 13.93% of the total operating income.

5) *Headquarters and Others*

Treasury Business and Others

The treasury business at headquarters aimed at providing liquidity management for the Company, primarily the financing and liquidity reserve investment business. During the Reporting Period, based on the traditional investments, the Company enhanced investment in advanced-level asset-backed securities and effectively improved the overall safety and yield of the investment portfolio.

Overseas Business

The overseas business was developed in an orderly manner. Orient Hong Kong further expanded its existing business, in which the number of securities and futures clients, margin interest income and fund management fee income increased by 31.21%, 92.65% and 220% as compared with the corresponding period of last year, respectively.

In the first half of 2016, headquarters and others achieved operating income of RMB1,091 million, accounting for 18.98% of the total operating income.

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2. *Details of principal line items in the consolidated statement of profit or loss*

(1) *Revenue and other income*

During the Reporting Period, the Company recorded revenue and other income amounted to RMB5,749 million, representing a decrease of RMB7,599 million or 56.93% as compared with the corresponding period of last year. This was mainly due to the significant decrease in income from wealth management business, assets management business and securities proprietary trading of the Company under the unfavorable market conditions, of which:

Commission and fee income amounted to RMB2,270 million, accounting for 39.48% of total revenue and other income and representing a decrease of 38.51% as compared with the corresponding period of last year, mainly due to the decrease in income from securities trading, brokerage commission and fee as compared with last year, as securities market remained stagnant and stock and funds transactions shrunk significantly as compared with the corresponding period of last year; at the same time, due to the fluctuations in market, performance reward from assets management products recorded a significant decline from the same period of last year, resulting in the decrease in income from assets management fee and funds management fee as compared with the corresponding period of last year.

Interest income amounted to RMB2,203 million, accounting for 38.31% of total revenue and other income and representing an increase of 10.89% as compared with the corresponding period of last year. This was mainly due to the increase in interest income from financial assets held under resale agreements and interest income from deposits with exchanges and non-banking financial institutions and bank balances as compared with the corresponding period of last year, as a result of continuous expansion of financing channels upon the successful listing of A Shares, which led to more investment in financing business and upgrade in scale of collateralized stock repurchase business and deposits with financial institutions.

Net investment gains amounted to RMB1,002 million, accounting for 17.43% of total revenue and other income and representing a decrease of 86.74% as compared with the corresponding period of last year, mainly due to the higher base at that time when the market was active and the securities proprietary trading business delivered good investment return.

Other income and gains amounted to RMB275 million, accounting for 4.78% of total revenue and other income and representing an increase of 141.87% as compared with the corresponding period of last year, mainly due to the increase in government grants received and the effect of exchange rate movements.

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The breakdown of revenue and other income of the Group during the Reporting Period is as follows:

Unit: RMB'000

Item	January–June 2016		January–June 2015		Increase/Decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Commission and fee income	2,269,990	39.48%	3,691,897	27.66%	-1,421,907	-38.51%
Interest income	2,202,655	38.31%	1,986,288	14.88%	216,367	10.89%
Net investment gains	1,002,260	17.43%	7,556,977	56.61%	-6,554,717	-86.74%
Other income and gains	274,543	4.78%	113,508	0.85%	161,035	141.87%
Total revenue and other income	5,749,448	100.00%	13,348,670	100.00%	-7,599,222	-56.93%

(2) *Total expenses*

During the Reporting Period, total expenses of the Company amounted to RMB4,322 million, representing a decrease of RMB1,488 million, or 25.61% as compared with the corresponding period of last year, which was mainly due to the decrease in staff costs, brokerage transaction fees and other service expenses and other expenses, of which:

Staff costs amounted to RMB826 million, representing a decrease of 61.15% as compared with the corresponding period of last year, which was mainly due to the decrease in remuneration expenses resulting from the market downturn and the decrease in income from various principal businesses of the Company.

Interest expenses amounted to RMB2,564 million, representing an increase of 28.89% as compared with the corresponding period of last year, which was mainly due to the increase in interest expenses resulting from the increase in size of corporate bonds, subordinated bonds, income receipts and other active liabilities for the purpose of replenishing capital and also continuous expansion of financing channels of the Company.

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Brokerage transaction fees and other services expenses amounted to RMB208 million, representing a decrease of 50.50% as compared with the corresponding period of last year, which was mainly due to the decrease in securities brokerage business charges arising from the significant decrease in transactions of stocks and funds as compared with the corresponding period of last year.

Depreciation and amortization expenses amounted to RMB84 million, representing an increase of 13.89% as compared with the corresponding period of last year, which was mainly due to the higher depreciation and amortization expenses resulting from the increase in branches and fixed assets and other long-term assets.

Other expenses, including operating expenses, business tax and surcharges and impairment loss on assets and other expenses, totaled RMB639 million, representing a decrease of 46.73% as compared with the corresponding period of last year, which was mainly due to the decrease in operating expenses related to business as a result of the decrease in business volume, as well as the decrease in business tax resulting from China's replacing business tax with value-added tax pilot program.

The breakdown of total expenses of the Group in the first half of 2016 is as follows:

Unit: RMB'000

Item	January-June	January-June	Increase/Decrease	
	2016	2015	Amount	Percentage
Staff costs	825,817	2,125,821	-1,300,004	-61.15%
Interest expenses	2,564,280	1,989,469	574,811	28.89%
Brokerage transaction fees and other services expenses	208,255	420,744	-212,489	-50.50%
Depreciation and amortization expenses	84,362	74,072	10,290	13.89%
Other expenses	638,900	1,199,352	-560,452	-46.73%
Total	4,321,614	5,809,458	-1,487,844	-25.61%

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3. Cash flows

During the Reporting Period, cash and cash equivalents of the Company recorded a net decrease of RMB4,044 million, in which:

- (1) Net cash used in operating activities was RMB359 million, which was mainly due to:
 - i. net cash inflow of RMB9,724 million as a result of decrease in clearing settlement funds;
 - ii. net cash inflow of RMB8,211 million as a result of decrease in financial assets at fair value through profit or loss and derivative financial assets;
 - iii. net cash outflow of RMB6,910 million as a result of decrease in client money received for acting as securities trading agent;
 - iv. net cash outflow of RMB5,700 million as a result of decrease in deposits due to banks and other financial institutions;
 - v. net cash outflow of RMB5,270 million as a result of increase in financial assets held under resale agreements.
- (2) Net cash used in investment activities was RMB5,935 million, which was mainly due to the net increase of RMB6,780 million in investment in available-for-sale financial assets and held-to-maturity investment.
- (3) Net cash from financing activities was RMB2,250 million, which was mainly due to the net cash inflow of RMB5,457 million generated from the issuance of bonds and short-term financing bills and others.

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4. Others

(1) *Details of material changes in the composition or sources of profit of the Company*

During the Reporting Period, the Company recorded a substantial decrease in operating income, operating profit and net profit as compared with the same period of last year. As income from wealth management and securities proprietary trading of the Company decreased more remarkably due to market factors, contribution of relevant business segments to the total income and net profit and other indicators of the Company decreased significantly. Please refer to (II) Analysis of Principal Businesses set out in Section IV Report of The Board of Directors for details.

(2) *Analysis and description on progress of previous financing and major assets restructuring events of the Company*

① On August 27, 2015, the Company held the 13th meeting of the third session of the Board, at which the Proposal on Issue of H Shares and Listing in Hong Kong by the Company and other proposals were considered and approved. On September 22, 2015, the Company held its first extraordinary general meeting for 2015, at which such proposals were considered and approved (please refer to 2015 Annual Report of the Company for details).

On May 20, 2016, the CSRC approved the issuance of up to 1,000,000,000 shares of overseas listed foreign shares by the Company by the Reply on Approving Issue of Overseas Listed Foreign Shares by Orient Securities Company Limited (Zheng Jian Xu Ke [2016] No. 1026). On June 2, 2016, the Listing Committee of the Hong Kong Stock Exchange held a listing hearing to consider the application of the Company for the issuance of up to 1,000,000,000 shares of overseas listed foreign shares and the listing on the Main Board of the Hong Kong Stock Exchange.

On July 8, 2016, 957,000,000 shares of overseas listed foreign shares (H Shares) of the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange, including 870,000,000 shares of H Shares under the initial public offering and 87,000,000 shares of H Share transferred by the state-owned shareholders of the Company to NSSF and converted to H Shares pursuant to the Letter of National Council for Social Security Fund on Issues of Reducing Shareholding in Hong Kong Listed State-owned Shares of Orient Securities (She Bao Ji Jin Fa [2016] No. 62).

On August 3, 2016, as a result of the partial exercise of over-allotment option, 70,080,000 H Shares of the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange, including 63,709,090 H Shares additionally issued under the partial exercise of over-allotment option and 6,370,910 H Shares transferred by the state-owned shareholders of the Company to NSSF and converted to H Shares.

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- ② On May 25, 2015, the 2014 annual general meeting of the Company considered and approved the Proposal of Mandate to Issue Domestic Debt Financing Instruments. As approved by the No Objection Letter to Listing and Transfer of 2015 Securities Company Short-term Corporate Bonds by Orient Securities Company Limited (Shang Zheng Han [2015] No. 1508) issued by SSE, the Company issued the 2016 First Tranche Securities Company Short-term Corporate Bonds (hereafter referred to as the “Short-term Bonds”) on May 19, 2016. The issue scale of the Short-term Bonds was RMB9,000 million, with a term of one year and coupon rate of 3.4%.
- ③ The Proposal of General Mandate to Issue Offshore Debt Financing Instruments was considered and approved at the 27th meeting of the second session of the Board on July 30, 2014, and at the second extraordinary general meeting for 2014 of the Company on August 14, 2014. Pursuant to which, the issue of, including without limitation to, the USD bonds, offshore Renminbi or other foreign currency denominated bonds or subordinated bonds, foreign currency notes (including without limitation to commercial papers) and the establishment of medium-term notes programs were authorized, with the cap for outstanding balance of not more than RMB7,000 million. On April 15, 2016, the Company completed the non-public issuance of RMB500 million 360-day bonds with a coupon rate of 5.0%.
- ④ The Proposal of Mandate to Issue Domestic Debt Financing Instruments was considered and approved at the seventh meeting of the third session of the Board on April 23, 2015, and at the 2014 annual general meeting of the Company. Pursuant to which, the issue of subordinated bonds, short-term financing bills, securities company short-term bonds, corporate bonds, income receipts and other instruments approved by regulatory authorities were authorized, with the cap for total new outstanding debt financing instruments not exceeding 200% of the audited net assets of last year. During the Reporting Period, the Company issued four tranches of short-term financing bills and raised a total of RMB8,600 million.

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Unit: RMB100 million

Types of stocks and derivative securities	Issue date	Issuing price (or interest rate)	Issue amount	Listing date	Number of securities approved for trading and listing	Termination date of trading
Ordinary shares						
A Shares	2015/3/11	RMB10.03	10	2015/3/23	10	N/A
H Shares	2016/7/8	HK\$8.15	9.57	2016/7/8	9.57	N/A
H Shares	2016/8/3	HK\$8.15	0.70	2016/8/3	0.70	N/A
Convertible corporate bonds, bonds with warrants, corporate bonds						
Short-term corporate bonds	2015/11/10	3.70%	30	2015/12/7	30	2016/11/10
Short-term corporate bonds	2016/5/19	3.40%	90	2016/6/7	90	2017/5/19
Securities company bonds	2014/8/26	6.00%	60	2014/9/23	60	2019/8/26
Securities company bonds	2015/11/26	3.90%	120	2015/12/18	120	2020/11/26
Subordinated bonds	2013/11/15	6.70%	36	2013/11/29	36	2017/11/15
Subordinated bonds	2014/11/17	5.50%	14	2014/12/9	14	2018/11/17
Subordinated bonds	2015/5/29	5.60%	60	2015/7/2	60	2020/5/29
Subordinated bonds	2015/6/18	6.82%	6	2015/8/26	6	2018/6/17
RMB Bonds	2014/11/26	6.50%	9	2014/11/27	9	2017/11/26
RMB Bonds	2015/8/5	6.50%	6.2	2015/8/6	6.2	2017/11/26
RMB Bonds	2015/11/20	4.50%	10	Unlisted	10	2016/11/14
RMB Bonds	2016/4/15	5.00%	5	Unlisted	5	2017/4/10
USD bonds	2015/5/8	4.20%	USD200 million	Unlisted	USD200 million	2018/5/8
USD bonds	2015/8/25	4.09%	USD150 million	Unlisted	USD150 million	2018/8/25

(3) Explanation on progress of business plans

The year 2016 marked the beginning of the “Thirteenth Five-Year Plan”. It is also the second year of the Three-Year Strategic Plan of the Company, during which the Company inherited the past and heralded the future. The Company would take prudent steps, strengthen its advantages and advance business to lead the Company into a new era.

During the Reporting Period, despite the various adverse factors such as the downturn in capital market and Brexit, the Company completed the offering and listing of H Shares and tapped into international capital market. While raising funds for development, the Company established a development platform of A Shares and H Shares, which will further facilitate the internationalization of the business of the Company.

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During the Reporting Period, centering on the “Three Core Tasks” (which are capital, talent and mechanism regimes), the Company strengthened the dynamic balance between accelerating business expansion and enhancing compliance and risk control. It adhered to the development strategy of “Reinforcing the Two Major Competition Edges”, namely wealth management and investment management, and continued to promote the “Four Transformation”, i.e., from traditional brokerage business to wealth management, from traditional channel-based business to comprehensive financial services, from traditional transaction business to capital intermediary business, and from traditional proprietary business to sales transaction business. It also carried on developing the “Innovative Business in Four Areas”, which were the OTC and private equity business, derivative product and capital intermediary business, internationalization business and Internet financing business.

During the Reporting Period, the Company continued to promote the innovation, transformation and development of various businesses based on the master plan of operation determined at the beginning of the year. The securities brokerage business pushed forward with the branch reform and the transformation of wealth management service. The securities financing business strictly controlled the risk in the margin financing and securities lending business, and put in efforts to develop the collateralized stock repurchase business. The investment management business further optimized the product offering to achieve growth in business scale. Fixed income investment and transaction business recorded steady growth. Derivative transaction business strived to develop OTC derivative business and expand income source. NEEQ market making business adhered to its high-end market making strategy and enhanced brand reputation and effect. The investment banking business focused on the development of major assets restructuring and assets backed securitization business.

(III) Analysis on Principal Components of Consolidated Statement of Financial Positions

1. Analysis on principal components of consolidated statement of financial position

During the Reporting Period, the total assets of the Group amounted to RMB192,534 million, representing a decrease of RMB15,364 million, or 7.39%, as compared with the beginning of the year; the total liabilities amounted to RMB159,096 million, representing a decrease of RMB13,426 million, or 7.78%, as compared with the beginning of the year. Among the current assets of the Group, available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss represented 40.62% of its total assets; advances to customers and financial assets held under resale agreements represented 15.74% of its total assets; clearing settlement funds and cash and bank balance represented 26.21% of its total assets; among non-current assets, property and equipment represented 0.96% of its total assets. The assets of the Group were under reasonable structure with strong liquidity.

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The following table sets forth the components of the consolidated statement of financial position of the Company:

Unit: RMB'000

	June 30,		December 31,		Increase/Decrease	
	2016	Percentage	2015	Percentage	Amount	Percentage
Non-current assets	27,806,513		25,945,769		1,860,744	7.17%
Property and equipment	1,843,281	0.96%	1,718,155	0.83%	125,126	7.28%
Goodwill	32,135	0.02%	32,135	0.02%	-	0.00%
Other intangible assets	93,066	0.05%	96,549	0.05%	(3,483)	-3.61%
Investments in associates	2,395,505	1.24%	1,908,526	0.92%	486,979	25.52%
Other receivables and prepayments	355,003	0.18%	-	0.00%	355,003	N/A
Available-for-sale financial assets	11,434,764	5.94%	11,369,355	5.47%	65,409	0.58%
Held-to-maturity investments	153,010	0.08%	293,921	0.14%	(140,911)	-47.94%
Financial assets held under resale agreements	11,204,572	5.82%	10,209,680	4.91%	994,892	9.74%
Deferred tax assets	295,177	0.15%	317,448	0.15%	(22,271)	-7.02%
Current assets	164,727,336		181,951,793		(17,224,457)	-9.47%
Advances to customers	9,736,081	5.06%	14,241,083	6.85%	(4,505,002)	-31.63%
Accounts receivable	516,859	0.27%	502,401	0.24%	14,458	2.88%
Other receivables and prepayments	3,903,609	2.03%	4,315,193	2.08%	(411,584)	-9.54%
Available-for-sale financial assets	54,888,998	28.51%	48,507,365	23.33%	6,381,633	13.16%
Held-to-maturity investments	71,510	0.04%	920,078	0.44%	(848,568)	-92.23%
Financial assets held under resale agreements	20,563,462	10.68%	16,288,535	7.83%	4,274,927	26.25%
Financial assets at fair value through profit or loss	23,251,213	12.08%	31,870,854	15.33%	(8,619,641)	-27.05%
Derivative financial assets	444,349	0.23%	77,362	0.04%	366,987	474.38%
Deposits with exchanges and non-bank financial institutions	895,641	0.47%	1,060,011	0.51%	(164,370)	-15.51%
Clearing settlement funds	8,603,216	4.47%	8,825,404	4.25%	(222,188)	-2.52%
Cash and bank balances	41,852,398	21.74%	55,343,507	26.62%	(13,491,109)	-24.38%
Total assets	192,533,849		207,897,562		(15,363,713)	-7.39%

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	June 30, 2016		December 31, 2015		Increase/Decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Current liabilities	112,370,392		112,763,629		(393,237)	-0.35%
Borrowings	521,367	0.33%	383,780	0.24%	137,587	35.85%
Amount due to banks and other financial institutions	4,500,000	2.83%	10,200,000	6.41%	(5,700,000)	-55.88%
Accounts payable to brokerage clients	36,283,534	22.81%	43,193,275	27.15%	(6,909,741)	-16.00%
Accrued staff costs	736,184	0.46%	1,928,933	1.21%	(1,192,749)	-61.83%
Other account payable, other payable and accruals	2,035,139	1.28%	2,203,981	1.39%	(168,842)	-7.66%
Current tax liabilities	187,271	0.12%	1,682,468	1.06%	(1,495,197)	-88.87%
Bonds payable	18,822,069	11.83%	4,781,294	3.01%	14,040,775	293.66%
Short-term financing bills payables	6,533,822	4.11%	8,396,061	5.28%	(1,862,239)	-22.18%
Financial liabilities at fair value through profit or loss	5,201,464	3.27%	3,147,266	1.98%	2,054,198	65.27%
Derivative financial liabilities	128,398	0.08%	181,480	0.11%	(53,082)	-29.25%
Financial assets sold under repurchase agreements	37,421,144	23.52%	36,665,091	23.05%	756,053	2.06%
Total net assets	52,356,944		69,188,164		(16,831,220)	-24.33%
Non-current liabilities	46,725,639		59,758,188		(13,032,549)	-21.81%
Borrowings	-	0.00%	385,388	0.24%	(385,388)	-100.00%
Financial assets sold under repurchase agreements	5,820,000	3.66%	11,215,000	7.05%	(5,395,000)	-48.11%
Deferred tax liabilities	375,092	0.24%	976,606	0.61%	(601,514)	-61.59%
Bonds payable	40,530,547	25.48%	47,181,194	29.66%	(6,650,647)	-14.10%
Total liabilities	159,096,031		172,521,817		(13,425,786)	-7.78%
Total equity	33,437,818		35,375,745		(1,937,927)	-5.48%

Note: Percentages for assets and liabilities refer to the share in total assets and the share in total liabilities respectively.

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2. *Non-current assets*

As at the end of the Reporting Period, the Company's non-current assets were RMB27,807 million, representing an increase of RMB1,861 million, or 7.17%, as compared with the beginning of the year, mainly due to the increase in funds from collateralized stock repurchase, investments in associates and receivables.

3. *Current assets and liabilities*

As at the end of the Reporting Period, the Company's net current assets were RMB52,357 million, representing a decrease of RMB16,831 million, or 24.33%, as compared with the beginning of the year, mainly due to the decrease in advances to customers, financial assets at fair value through profit or loss, cash and bank balance and other current assets as compared with the beginning of the year.

4. *Non-current liabilities*

As at the end of the Reporting Period, the Company's non-current liabilities were RMB46,726 million, representing a decrease of RMB13,033 million, or 21.81%, as compared with the beginning of the year, mainly due to the decrease in the size of bonds payable and financial assets sold under repurchase agreements.

5. *Borrowings and bond financing*

As at the end of the Reporting Period, the Company's total borrowings and bond financing were RMB70,908 million. Set out below is the breakdown of borrowings and bond financing of the Company at the end of the Reporting Period:

Unit: RMB'000

	June 30, 2016	December 31, 2015
Bonds payable	59,352,616	51,962,488
Borrowings	521,367	769,168
Short-term financing bills payables	6,533,822	8,396,061
Amount due to banks and other financial institutions	4,500,000	10,200,000
Total	70,907,805	71,327,717

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 30, 33 and 34 to the appended interim financial report for details.

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As at the end of the Reporting Period, the Company's borrowings, amount due to banks and other financial institutions, short-term financing bills payables and bonds due within one year amounted to RMB30,377 million, and the Company's net current assets amounted to RMB52,357 million. There is no liquidity risk in bonds payable, borrowings, amount due to banks and other financial institutions and other interest-bearing liabilities due after one year.

Except for the liabilities disclosed in this report, as at the end of the Reporting Period, the Company had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and finance lease commitment, guarantee or other material contingent liabilities.

(IV) Explanations on Change in the Scope of Consolidation of the Statements

- (1) As compared to the end of last year, the Group added five entities into its scope of consolidation, which included four entities newly consolidated by Orient Securities Capital Investment, and one structured entity newly consolidated.
- (2) As compared to the end of last year, the Group excluded one entity from its scope of consolidation, which was a structured entity.

(V) Analysis on Core Competitiveness

The Company is a leading and fast-growing provider of capital market services in China with distinguished investment capacity. The Company has built an excellent platform for investment management and trading as well as wealth management business by leveraging its strong foundation in Shanghai and the nationwide network. The Company believes that the following competitiveness has contributed to its success and differentiated it from other competitors in the industry.

1. *Distinguished investment management and trading capacity with a remarkable track record*

The Company has distinguished investment management and trading capabilities. Capitalizing on its core capabilities in value investing and risk management, the Company has maintained a leading position in the industry in the asset management, fund management and proprietary trading fields for a long time.

For asset management business, Orient Securities Asset Management, the Company's wholly-owned subsidiary, is the first asset management company established by a securities firm in China, which provides full-spectrum asset management products and services. It was awarded the "Best Asset Management Securities Firm" by the Securities Times, the China Securities Journal and other media for many times.

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In addition, China Universal, in which the Company is the largest shareholder with a shareholding of 39.96%, conducts fund management business. As at June 30, 2016, assets under management of China Universal amounted to RMB512,446 million, of which 55.78% was mutual funds, ranking seventh among fund management companies in China in terms of assets under management of mutual funds.

For proprietary trading business, the Company always sticks to an investment culture of “value investment and active risk management”, and has developed the investment capacity which is well recognized in the industry. In 2013, 2014 and 2015, the income from the proprietary trading business of the Company amounted to RMB2.1 billion, RMB3.0 billion and RMB7.3 billion, respectively, representing a CAGR of 86.5%, and for the same years, the average return of securities investment were 14.4%, 27.6% and 44.5%, respectively.

2. *Fast-growing wealth management business*

The Company has fully leveraged the geographic advantage of Shanghai to actively develop the affluent and high-net-worth client base, and continuously enhanced business innovation as well as expanded service offerings to meet the increasingly diversified wealth management needs of the clients.

With Shanghai as the center of its wealth management business, the Company adopted a strategy to gradually extend its network to the entire country. Meanwhile, with its branches as the connecting points and channels for services, sales and information, the Company fully integrated its resources in each business segment to maximize efficiency and synergy. The Company aimed to build a comprehensive wealth management platform in order to efficiently provide value-added services, to meet the investment needs of the clients and to increase clients' loyalty. As at the end of the Reporting Period, the Company had 120 securities branches and 23 futures branches, covering all 31 provinces, cities and autonomous regions in China.

3. *Innovation with income diversification and rapid growth*

The Company has a corporate culture of encouraging innovations and focusing on new business opportunities that enables it to offer creative solutions to meet the increasing demands of clients for financial services. The innovative businesses of the Company including various asset management products, innovative investments, NEEQ and OTC business, have laid a solid foundation for the income diversification and rapid growth in the future of the Company.

By focusing on developing a comprehensive innovative businesses platform and actively expanding business innovation layout, the Company has first-mover advantage in a number of areas. The Company's product innovation capabilities, especially in the asset management and investment banking area, have enabled it to achieve a number of innovation results which lead in the industry nationwide.

The Company's track record is built on its corporate culture of innovation, strong incentive mechanism and the accountability system at the senior management level. The Company has effectively removed the barriers of cross-departments, cross-products and cross-business lines of the innovative projects to promote innovation across the Group.

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4. *Prudent and efficient, time-testing and comprehensive risk management system*

“Compliance creates value” is at the core of the risk management of the Company which fosters a corporate culture of “Every employee is responsible for the risk management”. The Company was leading in the industry in terms of the risk management, and was not subject to any administrative penalties during the track record period. Since the classification and rating for the securities companies started in 2010, the Company has received AA or A rating for seven consecutive years (AA rating being the highest rating ever received by the PRC securities companies).

The Company always focused on monitoring its risks and those of its clients, and established a comprehensive risk management system and effective internal control mechanism, which integrated risk management, compliance management and internal control functions, covering all businesses, departments, branches and staff as well as the entire process from decision-making, execution, supervision to seeking feedback.

5. *Stable and experienced management team and high caliber professionals*

Stable and experienced management team and high caliber professionals are the keys to the success of the Company. The experienced senior management of the Company has a deep understanding of the development and characteristics of the securities and financial industries in China. The core management team has over ten years of management experience in the securities and financial industries on average, which ensures the consistent implementation of the strategies.

The Company has a team of talented and high caliber professionals. As at the end of the Reporting Period, over 60% of the employees in the main business departments (excluding branches) have master degrees or above. The Company is consistently improving the professional skills and comprehensive qualities of the employees through online training, seminars, rotation and mentorship. The Company seeks to retain and motivate the employees through incentive mechanism and provides them with sufficient career development opportunities. Over approximately 75.0% of the middle level management at or above the level of assistant to general manager is promoted internally.

(VI) Analysis on Investments

1. *Overall analysis on external equity investment*

As at the end of the Reporting Period, the Group’s long-term equity investments amounted to RMB2,396 million, representing an increase of RMB487 million, or 25.52%, as compared with the beginning of the year.

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(1) Securities investment

No.	Type of securities	Stock code	Stock name	Initial investment amount (RMB'000)	Number of shares held (thousand shares)	Carrying value as at the end of the period (RMB'000)	Percentage of	Profit and loss during the Reporting Period (RMB'000)
							total securities investment at the end of the period (%)	
1	Stock	600612	Lao Feng Xiang (老鳳祥)	278,695.77	6,385.20	260,835.46	4.67	-17,915.01
2	Stock	2588	Stanley (史丹利)	192,560.69	13,091.03	161,674.17	2.89	-75,194.15
3	Stock	430515	Lin Long Share (麟龍股份)	164,787.29	19,545.00	140,528.55	2.52	-95,422.10
4	Stock	601888	CITS (中國國旅)	148,995.71	2,915.69	128,231.96	2.30	-63,859.90
5	Stock	300031	Bao Tong Technology (寶通科技)	111,942.46	4,729.37	120,693.57	2.16	-36.73
6	Stock	833913	Kun Tin Group (坤鼎集團)	49,672.36	10,909.00	116,399.03	2.08	49,570.35
7	Stock	834839	ZJ Biology (之江生物)	91,136.77	4,120.00	111,775.60	2.00	-6,719.77
8	Stock	830858	Hua Tu Education (華圖教育)	97,560.00	2,000.00	98,860.00	1.77	1,040.00
9	Stock	430174	Voyage Media (沃捷傳媒)	89,360.45	7,763.30	85,085.77	1.52	11,468.70
10	Stock	832950	Yi Meng Share (益盟股份)	104,980.73	6,314.00	84,291.90	1.51	-121,701.77
Other securities investment held as at the end of the period				4,125,556.91	/	4,276,482.72	76.57	-294,250.90
Profit and loss from disposal of securities during the Reporting Period				/	/	/	/	-436,779.66
Total				5,455,249.15	/	5,584,858.73	100	-1,049,800.93

Explanations on securities investment

- The statistics on securities investment contained in this table refer to investments in stocks, warrants and convertible bonds in financial assets held for trading.
- Profit and loss during the Reporting Period refer to investment gains and gain or loss from the change in fair value of such securities during the Reporting Period.

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(2) Shareholding in other listed companies

Stock code	Stock name	Initial investment costs (RMB'000)	Opening shareholding (%)	Closing shareholding (%)	Carrying value as at the end of the period (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Changes in equity during the Reporting Period (RMB'000)	Accounting item	Source of shares
600030	CITIC Securities (中信証券)	398,156.67	0.14	0.14	277,685.27	0.00	-40,035.95	Available-for-sale financial assets	Purchase from secondary market
600008	Beijing Capital (首都股份)	324,852.50	1.70	1.38	258,685.00	-2,578.26	-71,872.10	Available-for-sale financial assets	Purchase from secondary market
600535	TASLY (天士力)	251,815.39	0.49	0.52	200,590.36	-2,340.11	-17,458.89	Available-for-sale financial assets	Purchase from secondary market
600276	Heng Rui Medicine (恒瑞醫藥)	121,861.07	0.20	0.19	180,465.40	12,662.67	-15,088.34	Available-for-sale financial assets	Purchase from secondary market
01112HK	BIOSTIME (合生元)	149,920.14	0.00	1.19	167,491.70	0.00	13,178.67	Available-for-sale financial assets	Purchase from secondary market
600699	JOYSON Electronic (均勝電子)	112,295.59	0.29	0.55	146,494.59	0.00	22,800.28	Available-for-sale financial assets	Purchase from secondary market
2410	Glodon (廣聯達)	226,444.44	0.89	0.89	142,998.73	0.00	-29,099.74	Available-for-sale financial assets	Purchase from secondary market
300124	Inovance Technology (匯川技術)	98,614.69	0.31	0.43	132,123.25	3,178.77	-15,661.23	Available-for-sale financial assets	Purchase from secondary market
600697	Ouya Group (歐亞集團)	123,729.45	2.73	2.65	124,851.37	12,621.49	-47,130.08	Available-for-sale financial assets	Purchase from secondary market
300066	Sanchuan Wisdom (三川智慧)	41,823.73	3.03	1.15	110,335.50	73,836.06	-65,609.07	Available-for-sale financial assets	Purchase from secondary market, subscription in private placing
	Others	2,581,680.17			2,823,204.19	106,030.31	-446,604.82		
Total		4,431,193.82	/	/	4,564,925.35	203,410.94	-712,581.27	/	/

Explanations on shareholdings in other listed companies

1. This table sets out the shareholdings in other listed companies accounted for as long-term equity investments and available-for-sale financial assets.
2. In this table, profit and loss during the Reporting Period refer to the effects of the investment on consolidated net profit of the Company during the Reporting Period.
3. In this table, changes in equity during the Reporting Period exclude the effects of profit or loss and deferred income tax during the Reporting Period.

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(3) Shareholding in financial companies

Investees	Initial	Opening	Closing	Carrying value	Profit and loss		Accounting item	Source of shares
	investment				during the	Changes in		
	costs	shareholding	Shareholding	as at the end	Reporting	equity during the		
	(RMB'000)	(%)	(%)	(RMB'000)	Period	Reporting Period		
					(RMB'000)	(RMB'000)		
China Universal Asset Management Company Limited (匯添富基金管理股份有限公司)	47,000.00	39.96	39.96	1,293,845.74	98,599.75	10,252.88	Long-term equity investments	Capital contribution for establishment
Great Wall Fund Management Co., Ltd. (長城基金管理有限公司)	34,568.57	17.65	17.65	34,568.57	0.00	0.00	Available-for-sale financial assets	Capital contribution for subscription
Huajin Securities Co., Ltd. (華金證券有限責任公司)	31,933.47	4.81	1.18	31,933.47	0.00	0.00	Available-for-sale financial assets	Capital contribution for subscription
E-Capital Transfer Co., Ltd. (證通股份有限公司)	25,000.00	1.24	1.24	25,000.00	0.00	0.00	Available-for-sale financial assets	Capital contribution for establishment
China Securities Internet System Co., Ltd (中證機構間報價系統股份有限公司)	50,000.00	0.66	0.66	50,000.00	0.00	0.00	Available-for-sale financial assets	Capital contribution for establishment
China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司)	200,000.00	6.06	6.06	200,000.00	0.00	0.00	Available-for-sale financial assets	Capital contribution for establishment
Total	388,502.04	/	/	1,635,347.78	98,599.75	10,252.88	/	/

Explanations on shareholding in financial companies

1. Financial companies include securities companies, commercial banks, insurance companies, funds companies, futures companies, trust companies etc.
2. In this table, profit and loss during the Reporting Period refer to the effects of the investment on the consolidated net profit for the Reporting Period.
3. In this table, changes in equity during the Reporting Period exclude the effects of profit or loss and deferred income tax during the Reporting Period.

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2. Use of proceeds

(1) Overall use of proceeds

Applicable Not Applicable

(2) Use of proceeds on committed projects

Applicable Not Applicable

(3) Changes in projects invested with raised proceeds

Applicable Not Applicable

3. Analysis on principal subsidiaries and investees

- (1) The registered capital of Shanghai Orient Securities Futures Co., Ltd. was RMB1,000 million and the Company held 100% of its equity. As at June 30, 2016, total assets of Shanghai Orient Securities Futures Co., Ltd. amounted to RMB14,390,421.3 thousand. In the first half of 2016, its operating income and net profit amounted to RMB233,753.8 thousand and RMB57,363.5 thousand respectively.

Principal business: commodities futures brokerage, financial futures brokerage, futures investment consultancy, assets management, funds sale.

- (2) The registered capital of Shanghai Orient Securities Capital Investment Co., Ltd. was RMB2,500 million and the Company held 100% of its equity. As at June 30, 2016, total assets of Shanghai Orient Securities Capital Investment Co., Ltd. amounted to RMB3,812,548.8 thousand. In the first half of 2016, its operating income and net profit amounted to RMB195,373.5 thousand and RMB16,908.5 thousand respectively.

Principal business: equity investments or debt investments with its own capital or through the establishment of direct investment funds, or investment in other investment funds in relation to equity investments and debt investments; provision of financial advisory services on equity investments and debt investments to clients; and other businesses permitted by CSRC.

- (3) The registered capital of Shanghai Orient Securities Assets Management Co., Ltd. was RMB300 million and the Company held 100% of its equity. As at June 30, 2016, total assets of Shanghai Orient Securities Assets Management Co., Ltd. amounted to RMB1,116,549.7 thousand. In the first half of 2016, its operating income and net profit amounted to RMB481,331.9 thousand and RMB234,171.7 thousand respectively.

Principal business: securities assets management business, publicly raised securities investment funds management business.

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- (4) The registered capital of Citi Orient Securities Co., Ltd. was RMB800 million, and it is owned as to 66.67% by the Company. As at June 30, 2016, total assets of Citi Orient Securities Co., Ltd. amounted to RMB1,256,451.8 thousand. In the first half of 2016, its operating income and net profit amounted to RMB561,903.9 thousand and RMB186,342.3 thousand respectively.

Principal business: securities (excluding treasury bonds, financial bonds of policy banks, short-term financing bills and medium-term notes) underwriting and sponsoring; other businesses permitted by CSRC.

- (5) The registered capital of Shanghai Orient Securities Innovation Investment Co., Ltd. was RMB1,100 million and the Company held 100% of its equity. As at June 30, 2016, total assets of Shanghai Orient Securities Innovation Investment Co., Ltd. amounted to RMB2,672,525.7 thousand. In the first half of 2016, its operating income and net profit amounted to RMB202,279.6 thousand and RMB129,710.8 thousand respectively.

Principal business: financial products investment, securities investment, investment management and investment consultancy.

- (6) The registered capital of Orient Finance Holdings (Hong Kong) Limited was HK\$1,000 million and the Company held 100% of its equity. As at June 30, 2016, total assets of Orient Finance Holdings (Hong Kong) Limited amounted to RMB9,490,678.3 thousand. In the first half of 2016, its operating income and net profit amounted to RMB234,357.7 thousand and RMB13,515.3 thousand respectively.

Principal business: investment holdings, conducting brokerage business, corporate financing and assets management businesses authorized by the SFO through the establishment of various subsidiaries.

- (7) The registered capital of China Universal Asset Management Limited Liability Company was RMB117,623.0 thousand, and it is owned as to 39.96% by the Company. As at June 30, 2016, total assets of China Universal Asset Management Limited Liability Company amounted to RMB5,787,409.5 thousand. In the first half of 2016, its operating income and net profit amounted to RMB1,256,831.4 thousand and RMB328,994.8 thousand respectively.

Principal business: funds raising, funds sale, assets management, other businesses permitted by CSRC.

Note: The data of operating income recorded by China Universal Asset Management Limited Liability Company for the first half of 2016 was prepared according to PRC GAAP.

4. *Use of non-raised proceeds*

Applicable Not Applicable

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5. *Potential risks and risk management strategies*

The Company is exposed to risks in respect of its operations mainly associated to market risk, credit risk, liquidity risk, operational risk and technology risk. Specifically, such risks and respective countermeasures are represented in the following aspects:

1. *Market Risk*

The Company has established a system covering the Group's allocation of assets and liabilities and risk limits, reflecting the Company's overall market risk appetite and risk tolerance. Under the Company's overall business authority framework, each business segment operates within different levels of authorized risk limits to implement effective controls over various businesses and products so as to ensure the risk level to be within risk appetite set by the Company. The Company's business departments, branches and subsidiaries are the first line of defense against market risk. Overall market risk management is part of the duties and functions of risk management function department of the Company.

The Company adopts daily mark-to-market, concentration analysis, impact cost analysis and quantitative risk model and optimization technology, to manage scale, leverage, risk exposure, duration and to establish dynamic-tracking stop-loss mechanisms, identifies the key factors affecting portfolio returns through sensitivity analysis, and evaluates the tolerance of investment portfolios to extreme market fluctuations by using scenario analysis and stress-testing.

The Company closely monitors the macroeconomic indicators and trends and major development in economic policies, evaluates the systematic risks on investment that may arise from changes in macro factors, regularly monitors the market risk control indicators, and adjusts investment strategy, while, setting up an organization for crisis decision-making, implementation and delegation of responsibility, developing contingency plans under various projected extreme circumstances, and grading and managing such crisis by their severity.

2. *Credit Risk*

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, measures its credit risk by means of stress test and sensitivity analysis, and manages such credit risk based on these results through credit approval system. Meanwhile, the Company uses its information management systems to monitor its credit risk on a real time basis, keeps track of the credit risk of its business products and transaction counterparties, provides analysis and early warning reports, and adjusts its credit limits in a timely manner.

Security brokerage business transactions in the mainland China are all required to be settled in full by security deposit, which has largely controlled risks relating to trading settlement.

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Credit risks from the securities financing business primarily include clients' providing false information, failure to make full repayment on time, contractual breach of portfolio limits and compositions, violation of regulatory requirements, and provision of collateral encumbered with legal disputes. Credit risk arising from such kind of business is mainly controlled through customer education, credit reference checks, credit approval, daily mark-to-market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For credit products investment, in respect of private equity investment, the Company has established the entrance levels and investment caps for its products and manages its credit risk through risk assessment, risk reminders and judicial recourse, and in respect of publicly raised investment, the Company has developed corresponding investment restrictions based on the credit ratings of transaction counterparties and issuers.

The counterparties in OTC derivative transactions are mainly financial institutions or other professional institutions, mainly involving the risks of their failure to make payments on time and failure to cover the security deposits in a timely manner when the losses are made on investments and discrepancy between amounts calculated by the parties. The Company sets the deposit ratio for margin and restrictions on the transaction size, controls the credit risk exposure of counterparties through daily mark-to-market, margin calls and forced liquidation of clients' positions, and carries out recourse through judicial procedures upon the forced liquidation of clients' positions and the occurrence of losses.

3. *Liquidity Risk*

The Company has established an appropriate early warning indicator system, including benchmarks for liquidity coverage and net stable funding ratios, to monitor the particular circumstances or events that could possibly lead to a liquidity crisis on a daily basis. The Company has established a net capital supplementary mechanism to supplement the net capital or short-term working capital according to the demand for business development through issuing subordinated bonds, short-term financing bills and inter-banking lending. The Company also conducted regular or non-regular stress-testing to test the risk control indicators of the net capital and liquidity to predict and control liquidity risk in advance.

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4. *Operational Risk*

In respect of compliance, legal and operational risk management and control, according to the requirements on compliance management for the public companies, the Company steadily proceeded to complete the establishment of internal control in phases this year, integrated the management and control of compliance risk and operational risk, comprehensively combed the work processes and systems of each work module; actively and steadily carried out the key works such as staff practice management, product management, customer management, information firewall management, anti-money laundering management, etc., to further enhance the efficiency of management and quality of work; actively promoted establishment of company rules, effectively implemented legal review, judicial assistance, legal support and other legal management responsibilities, made efforts to improve professional standards; implemented the functions of compliance assessment, promotion, inspection, and accountability etc., and strengthened the establishment of risk control team, and safeguard measures for compliance management. No material compliance, operational or legal risk events occurred during the year.

5. *Technology Risk*

The Company attaches high importance to technology risk management, and establishes a sound information system, however, with the rapid development in information technology today, the technical means may not be able to keep up with the changes, the deficiencies in software design and other issues cannot entirely eliminate the problems, so there still exist certain technology risks.

In addition, like other financial institutions, the Company may inevitably face a certain degree of compliance risk, legal risk, reputation risk and moral hazard in its operations and management. To cope with such types of risks, the Company has implemented a comprehensive risk management system which has fully covered the above risks, and designated the corresponding in-charge departments, established a corresponding management system and implemented appropriate technical measures.

With respect to the above risks, the Company has formulated corresponding risk management policies and measures to identify and assess these risks and has set up appropriate risk limits and internal control processes to monitor such risks through reliable management and information system, thereby striving to ensure the overall risk of the Company is measurable, controllable and tolerable.

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II. PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

(I) Implementation or adjustment of profit distribution proposal during the Reporting Period

On May 25, 2016, the 2015 annual general meeting of the Company considered and approved the Proposal on Profit Distribution of the Company for the year of 2015, pursuant to which, a cash dividend of RMB3.50 (inclusive of tax) for every 10 shares would be distributed to all holders of A Shares whose names appeared on the Company's register of A Shares on the record date on the basis of its total A Shares capital of 5,281,742,921 shares, totaling a cash dividend of RMB1,848,610,022.35. On June 7, 2016, the Company published announcements relating to the implementation of 2015 profit distribution in the China Securities Journal, the Shanghai Securities News, the Securities Times, the Securities Daily and the websites of SSE and the Company. As at June 17, 2016, the Company's 2015 profit distribution proposal was fully implemented.

(II) Interim profit distribution proposal and proposal on conversion of capital reserve fund into share capital

Whether to distribute or convert or not: No

III. OTHER DISCLOSURES

(I) Profit warning and explanation of expected accumulated net loss from the beginning of the year to the end of the next reporting period or significant changes over the same period of last year

Applicable Not Applicable

(II) The Board of Directors and the supervisory committee's explanation regarding the accounting firm's "non-standard audit report"

Applicable Not Applicable

Section V Significant Events

I. MATERIAL LITIGATION, ARBITRATION AND ISSUES COMMONLY QUESTIONED BY MASS MEDIA

During the Reporting Period, the Company had no material litigation, arbitration or issues commonly questioned by the mass media.

II. MATTERS RELATED TO BANKRUPTCY AND RESTRUCTURING

There were no matters related to bankruptcy or restructuring of the Company during the Reporting Period.

III. MATTERS RELATED TO ASSET TRANSACTIONS AND CORPORATE MERGERS

There were no matters related to asset transactions or corporate merger of the Company during the Reporting Period.

IV. EQUITY INCENTIVE OF THE COMPANY AND THE EFFECTS

During the Reporting Period, the Company did not implement any equity incentive scheme.

V. MATERIAL RELATED PARTY TRANSACTIONS

During the Reporting Period, save as disclosed in Note 41 to the interim financial report, the Group had no material related party transactions nor non-operating debts and indebtedness with related parties.

Section V Significant Events

VI. MATERIAL CONTRACTS AND PERFORMANCE

1 Custodian, contracting and leasing matters

During the Reporting Period, the Company was not involved in any material custodian, contracting or leasing matters.

2 Guarantees

Unit: RMB100 million

External guarantees provided by the Company (excluding guarantees for subsidiaries)

Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)

Total balance of guarantees provided at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)

Guarantees provided by the Company for subsidiaries

Total amount of guarantees provided for subsidiaries during the Reporting Period	5
Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B)	54.43

Total amount of guarantees provided by the Company (including those provided for subsidiaries)

Total amount of guarantees (A+B)	54.43
Percentage of total guarantees over net assets of the Company (%)	16.52

Including:

Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)	
Amount of debt guarantees directly or indirectly provided for parties with gearing ratio exceeding 70% (D)	54.43

Amount of total guarantees exceeding 50% of net assets (E)	
Total amount of above three types of guarantees (C+D+E)	54.43

Explanations on outstanding guarantees subject to joint liabilities

Section V Significant Events

Explanations on guarantees

1. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the issue of 3-year RMB900 million bonds by its wholly-owned subsidiary Orient Hongsheng Limited.
2. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the non-public issue of offshore USD200 million bonds by its wholly-owned subsidiary Orient Zhihui Limited.
3. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the non-public issue of offshore USD150 million bonds by its wholly-owned subsidiary Orient Zhihui Limited.
4. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the issue of 3-year RMB620 million bonds by its wholly-owned subsidiary Orient Hongsheng Limited.
5. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the issue of 360-day RMB1,000 million bonds by its wholly-owned subsidiary Orient Zhisheng Limited.
6. As at the end of the Reporting Period, Orient Hong Kong provided a guarantee for the issue of 360-day RMB500 million bonds by its wholly-owned subsidiary Orient Zhihui Limited.
7. As at the end of the Reporting Period, external guarantees of the Company were all provided by Orient Hong Kong, a wholly-owned subsidiary of the Company, for the issue of bonds by its subsidiaries. The registered capital of each of Orient Hongsheng Limited, Orient Zhihui Limited and Orient Zhisheng Limited was USD50,000 and the paid-up capital was USD1. Each of them was incorporated in British Virgin Islands.

3 Other material contracts or transactions

During the Reporting Period, there were no other discloseable material contracts or transactions of the Company that have not yet been disclosed.

Section V Significant Events

VII. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings by the listed company, shareholders holding more than 5% shares, controlling shareholders and de facto controller in the Reporting Period or subsisting to the Reporting Period

Background of undertaking	Type	Covenantors	Undertakings	Time and validity period of undertaking	Subject to expiry	Timely and strictly performed	Reasons for failure to perform timely	Follow up plan for failure to perform timely
Undertakings in relation to initial public offering	Non-competition	Shenergy Group	Shenergy Group has issued the Commitment Letter of Non-Competition to the Company and undertook that it and the companies and enterprises under its direct or indirect control would not participate in any form of business or operation that compete or might compete with the Company and its subsidiaries.	After the public offering and listing of shares of the Company	Yes	Yes	-	-
	Shares subject to lock-up	Shenergy Group	Shenergy Group undertook that, during the 36 months from the listing and trading of such shares on the stock exchange, it would not transfer or entrust other parties to manage the shares of the Company held by it directly and indirectly.	Within 36 months from the public offering and listing of shares of the Company	Yes	Yes	-	-

Section V Significant Events

Background of undertaking	Type	Covenantors	Undertakings	Time and validity period of undertaking	Subject to expiry	Timely and strictly performed	Reasons for failure to perform timely	Follow up plan for failure to perform timely
Shares subject to lock-up		Shanghai Haiyan Investment and Wenhui-Xinmin Press Group	Shanghai Haiyan Investment and Wenhui-Xinmin Press Group undertook that they would not transfer the shares of the Company during the one year from the listing and trading of such shares on the stock exchange.	Within 12 months from the public offering and listing of shares of the Company	Yes	Yes	-	-
Others		Listed company	The Company undertook that, during the three years from the listing of A Shares, in the event that the closing price of shares falls below the latest audited net assets per share for 20 consecutive trading days, the Company would stabilize the price of share through share repurchase.	Within 36 months from the public offering and listing of shares of the Company	Yes	Yes	-	-

Section V Significant Events

Background of undertaking	Type	Covenantors	Undertakings	Time and validity period of undertaking	Subject to expiry	Timely and strictly performed	Reasons for failure to perform timely	Follow up plan for failure to perform timely
	Others	Shenergy Group	Shenergy Group undertook that, during the two years from the expiry of the lock-up period, its disposal of shares in the issuer every year shall not exceed 5% of the total shares of the issuer, and the disposal shall not be conducted at a price lower than the offering price.	Within 24 months from the expiry of the lock-up period	Yes	Yes	-	-
	Others	Shanghai Haiyan Investment	Shanghai Haiyan Investment undertook that it had no intention to dispose of shares during the two years from the expiry of lock-up period, save for disposal due to material changes in national policy and external environment.	Within 24 months from the expiry of the lock-up period	Yes	Yes	-	-

VIII. APPOINTMENT AND DISMISSAL OF ACCOUNTANT

Explanation of appointment and dismissal of accountant

During the Reporting Period, the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the auditor for 2016 for a term of one year was approved at the 2015 annual general meeting of the Company.

Section V Significant Events

IX. PUNISHMENT ON AND RECTIFICATION OF THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS WITH SHAREHOLDING OF 5% OR MORE, DE FACTO CONTROLLER AND ACQUIRER

On June 15, 2016, Orient Securities Futures, a wholly-owned subsidiary of the Company, received the Investigation Notice (Ji Cha Zong Dui Diao Cha Tong Zi No. Q160026) from the CSRC. As the Company failed to effectively perform the duties as an assets manager, CSRC had decided to initiate investigation proceedings against the Company in accordance with the relevant regulations in the Futures Trading Management Regulations. Please refer to the relevant disclosure in the section entitled “Business – Laws and Regulations – Regulatory Non-compliance” set out in the prospectus of the Company dated June 22, 2016 for details.

As at the end of the Reporting Period, there was no subsequent progress of the above matter.

Save as disclosed above, during the Reporting Period, none of the Company, its Board, directors, supervisors, senior management, shareholders with shareholding of 5% or more, de facto controller and acquirer was investigated by competent authorities, imposed coercive measures by a judiciary authority or disciplinary department, transferred to a judicial authority or held criminally liable, investigated or imposed administrative penalties by CSRC, banned from access to market, identified as an unsuitable person, punished by other administrative departments, or publicly condemned by a stock exchange. None of the directors, supervisors and senior management of the Company violated any rules or regulation with regard to trading of the shares of the Company.

X. CONVERTIBLE CORPORATE BONDS

During the Reporting Period, the Company and its subsidiaries did not issue any convertible corporate bonds.

XI. CORPORATE GOVERNANCE

The Company always pursues a better governance structure and system building. During the Reporting Period, the corporate governance of the Company was in compliance with the requirements under the PRC Company Law, the PRC Securities Law, the Regulatory Rules for Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies and the Articles of Association, and the corporate governance standards were continuously improved; the governance structure of “general meeting of shareholders, the Board, the supervisory committee and senior management” of the Company allowed clear separation of powers and duties, effectively balance of authority and scientific decisions, and therefore guaranteed the scientific and regulated operating of the Company; the Company kept on optimizing the establishment of the internal control management system, which enhanced the integrity, reasonableness and effectiveness of the internal control function. For a long time, the Company has been working on the continuous enhancement of the corporate governance structure and system building.

The Company has adopted the code provisions under the Corporate Governance Code. As the Company was listed on the Main Board of the Hong Kong Stock Exchange after the end of the Reporting Period, the compliance with the Corporate Governance Code of the Company will be disclosed in the subsequent annual reports and interim reports of the Company according to the Hong Kong Listing Rules.

Section V Significant Events

During the Reporting Period, the operation and management of the Company were standardized and orderly, allowing the Company to formulate and continuously optimize its rules and procedures in strict compliance with the relevant requirements under laws and regulations and relevant requirements to regulate the operation of the Company. During the Reporting Period, in view of the proposed issue of overseas listed foreign shares (H Shares) and listing on the Main Board of the Hong Kong Stock Exchange, the Company, in order to meet relevant regulatory requirements, further amended and improved the Terms of Reference of the Strategy Development Committee, the Terms of Reference of the Compliance and Risk Management Committee, the Terms of Reference of the Remuneration and Nomination Committee, the Administrative Measures of Information Disclosure, the Measures of Internal Reporting of Material Information, the Administrative Measures of Shareholding and Changes by Directors, Supervisors and Senior Management, and the Administrative Measures of Investors Relationship, which had been considered and approved by the Board. During the Reporting Period, the Company convened one general meeting, four Board meetings, two meetings of the supervisory committee, three meetings of the Remuneration and Nomination Committee of the Board, three meetings of the Audit Committee, two meetings of the Compliance and Risk Management Committee, and one meeting of the Strategy Development Committee, totaling to nine meetings of the special committees under the Board. The convening procedures and voting procedures of the general meeting, Board meetings and meetings of the supervisory committee of the Company were legal and valid. During the Reporting Period, the Company continuously strengthened the investor relationship management and information disclosure, hence the investor relationship management was standardized and professional, and the information disclosed was true, accurate, complete, timely and fair, which enhanced the transparency of the Company continuously.

By the formulation, continuous improvement and effective implementation of the above systems, the corporate governance structure of the Company became more standardized and the level of corporate governance kept on improving. There was no discrepancy between the actual corporate governance of the Company and the requirements of the PRC Company Law and relevant regulations of CSRC. Meanwhile, the Company was in strict compliance with all the code provisions of the Corporate Governance Code, meeting most of the requirements for the recommended best practices set out in the Corporate Governance Code.

There was no discrepancy between the actual condition of corporate governance and the requirements of the PRC Company Law, relevant regulations of CSRC and the Corporate Governance Code.

(I) Shareholders and general meetings

The Company convened the general meetings in strict compliance with the requirements under the Articles of Association and Rules of Procedure for Shareholders' General Meetings, to ensure that all shareholders were treated equally and were able to fully exercise their rights.

(II) Directors and the Board

The Company appointed and changed its directors in strict compliance with the relevant provisions of the Articles of Association. The number, composition and qualification of the directors were in compliance with the applicable laws and regulations. As at the end of the Reporting Period, the Board comprised 15 directors, among which two were executive directors, eight were non-executive directors and five were independent non-executive directors.

Section V Significant Events

On July 8, 2016, the Company issued overseas listed foreign shares (H Shares) which were listed on the Hong Kong Stock Exchange. Pursuant to the resolution passed at the first extraordinary general meeting for 2015, Mr. Xu Zhiming was appointed as an independent non-executive director of the Company. On July 12, 2016, the Company received the resignation report from Mr. Xu Chao, a director of the Company. Mr. Xu Chao resigned from the position of director of the third session of the Board and the position of the member of the Audit Committee due to work commitment.

The Board currently comprises 15 directors, among which two are executive directors, seven are non-executive directors and six are independent non-executive directors. All directors are able to perform their duties in due diligence and protect the interests of the Company and the shareholders as a whole. The Strategy Development Committee, Audit Committee, Compliance and Risk Management Committee, Remuneration and Nomination Committee of the Board were assigned specific duties, clear authorization and responsibilities, and operated in high efficiency. The Audit Committee as well as the Remuneration and Nomination Committee were chaired by an independent non-executive director, and comprised exclusively non-executive directors with over half of the members being independent non-executive directors.

The Audit Committee was established under the Board, which is in compliance with the relevant requirements of CSRC, SSE and Hong Kong Listing Rules. The Audit Committee comprises four members (Mr. Xu Chao resigned on July 12, 2016), namely, Mr. Pan Fei (as chairman), Mr. Wu Junhao, Mr. Xu Guoxiang and Mr. Wei Anning. The Audit committee is mainly responsible for facilitating communication between the internal and external auditors of the Company, supervision and review of the audit process, and provision of professional advice to the Board. The Audit committee has reviewed and confirmed the 2016 interim financial report.

(III) Supervisors and supervisory committee

The supervisory committee of the Company currently comprises seven supervisors, among which three are employee representative supervisors and four are non-employee representative supervisors. The qualification of the supervisors and the composition of the supervisory committee are in compliance with laws and regulations. All supervisors of the Company are able to perform their duties in due diligence, take accountability to shareholders, monitor the legality and compliance of the duty performance by the finance department, Board members and senior management of the Company, and provide recommendations and suggestions to the Board and senior management regarding relevant matters.

(IV) Senior management

Procedures for the appointment of the senior management of the Company are in compliance with the rules under the PRC Company Law and the Articles of Association. The senior management of the Company conducts business in compliance with laws, regulations and authorizations from the Board, with a view to maximizing shareholders' value and social benefits.

Section V Significant Events

XII. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(I) **Analysis and explanation provided by the Board on reasons and effects of changes in accounting policies, accounting estimates or accounting methods**

Applicable Not Applicable

(II) **Analysis and explanation provided by the Board on reasons and effects of correction of material errors from previous period**

Applicable Not Applicable

(III) **Others**

1. *Newly-established securities branches during the Reporting Period:*

The Company received the Reply on Approving Establishment of 33 Securities Branches by Orient Securities Company Limited (Hu Zheng Jian Xu Ke [2016] No. 74) from the Shanghai Bureau of the CSRC, pursuant to which the Company was authorized to establish one securities branch in each of the 33 cities including Beijing and Shanghai. The branches would engage in securities brokerage; margin financing and securities lending; securities investment advisory, financial consultancy in relation to securities transactions and securities investment activities; distribution of securities investment funds; provision of intermediary and referral business for futures companies; distribution of financial products. The establishment model of the information system is B-type.

As at the end of the Reporting Period, the Company did not set up a new branch.

2. *Relocation of securities branches:*

- 1) Suzhou Lindun Road Securities Branch was relocated within the city, from 4/F, Hongxin Commercial Building, No. 82 Lindun Road, Suzhou City, the PRC to 1/F North, Podium Building, No. 2115 Xihuan Road, Suzhou City, the PRC. The name of the branch was changed to Suzhou Xihuan Road Securities Branch of Orient Securities Company Limited.
- 2) Fushun Qingyuan Securities Branch was relocated within the city, from No. 49 Honghe Road, Qingyuan Town, Qingyuan Manchu Autonomous County, Fushun City, Liaoning Province, the PRC to No. 1 Store, No. 26 Changling Street, Qingyuan Town, Qingyuan Manchu Autonomous County, Fushun City, Liaoning Province, the PRC. The name of the branch was not changed.
- 3) Putian Lihuadong Road Securities Branch, which was located at Room 502, 503, 504, No. 1 Building, Qidi Wenquan Community, No. 598 Lihuadong Road, Xialin Street, Chengxiang District, Putian City, Fujian Province, the PRC, expanded to Room 501. The name of the branch was not changed.
- 4) Shanghai Huangpu District Zhongshan South Road No. 1 Securities Branch was relocated within the city, from Room 1303, 13/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai City to Room 402, 4/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai City, the PRC. The name of the branch was not changed.

Section V Significant Events

3. *Capital increase into subsidiaries:*

The Resolution on Capital Increase into Shanghai Orient Securities Futures Co., Ltd. was considered and approved at the 12th meeting of the second session of the Board, which authorized the Company to increase capital in the amount of RMB1,000 million (which can be made in installments) to Orient Securities Futures, a wholly-owned subsidiary of the Company, and authorized the management of the Company to determine, within the above cap, the scale of capital increase in each installment based on the funding conditions of the Company, and to carry out the formalities of the capital injection. On March 11, 2016, the Company completed the capital increase of RMB500 million to Orient Securities Futures and the changes in industrial and commerce registration in relation to the change in registered capital of Orient Securities Futures to RMB1,000 million.

4. *Repayment of subordinated debt:*

On June 6, 2013, the largest shareholder of the Company, Shenergy Group, entered into a subordinated loan agreement with the Company, pursuant to which Shenergy Group offered a subordinated loan in the amount of RMB800 million to the Company. The subordinated loan was due in three years and bore an interest at the rate of 6.3% per annum. The Company had repaid the subordinated loan on time on the maturity date of July 2, 2016.

Section VI Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in Share Capital

1. Changes in share capital

Unit: share

	Before the change		Changes (+, -)					After the change	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Share conversion from capital reserves	Others	Sub-total	Number of shares	Percentage (%)
I. Restricted shares	4,281,742,921	81.07	-	-	-	-2,158,663,507	-2,158,663,507	2,123,079,414	40.20
1. Shares held by state			-	-	-				
2. Shares held by state-owned legal persons	2,902,994,722	54.96	-	-	-	-877,203,649	-877,203,649	2,025,791,073	38.36
3. Shares held by other domestic investors	1,378,748,199	26.11	-	-	-	-1,281,459,858	-1,281,459,858	97,288,341	1.84
Including: Shares held by domestic non-state-owned legal persons	1,378,748,199	26.11	-	-	-	-1,281,459,858	-1,281,459,858	97,288,341	1.84
Shares held by domestic natural persons	-	-	-	-	-	-	-	-	-
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
Including: Shares held by foreign legal persons	-	-	-	-	-	-	-	-	-
Shares held by foreign natural persons	-	-	-	-	-	-	-	-	-
II. Circulating non-restricted shares	1,000,000,000	18.93	-	-	-	+2,158,663,507	+2,158,663,507	3,158,663,507	59.80
1. RMB denominated ordinary shares	1,000,000,000	18.93	-	-	-	+2,158,663,507	+2,158,663,507	3,158,663,507	59.80
2. Foreign shares listed in the PRC	-	-	-	-	-	-	-	-	-
3. Foreign shares listed overseas	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
III. Total number of shares	5,281,742,921	100.00	-	-	-	0	0	5,281,742,921	100.00

Section VI Changes in Share Capital and Information on Shareholders

2. *Description of changes in share capital*

The RMB restricted ordinary shares under the initial public offering of A Shares subject to a 12-month lock-up period involved 58 shareholders, including Shanghai Haiyan Investment Management Company Limited, who held in aggregate 2,158,663,507 restricted shares. Such shares were released from restriction and has begun trading on March 23, 2016.

3. *Effect of changes in share capital on financial indicators such as earnings per share and net assets per share for the period from the end of the Reporting Period to the publication date of the interim report (if any)*

In accordance with the Reply on Approving Issue of Overseas Listed Foreign Shares by Orient Securities Company Limited (Zheng Jian Xu Ke [2016] No.1026) by CSRC and the approval by the Hong Kong Stock Exchange, a total of 957,000,000 shares of overseas listed foreign shares (H Shares) under the global offering of H Shares by the Company (including 870,000,000 H Shares issued by the Company and 87,000,000 H Shares sold by the selling shareholders) has been listed and traded on the Main Board of the Hong Kong Stock Exchange on July 8, 2016. The over-allotment option was partially exercised by the joint global coordinators and the Company were required to issue 70,080,000 additional H Shares (including 63,709,090 H Shares issued by the Company and 6,370,910 H Shares sold by the selling shareholders), which has been listed and traded on the Main Board of the Hong Kong Stock Exchange on August 3, 2016.

As at the date of publication of this interim report, the total share capital of the Company was 6,215,452,011 shares, including 5,188,372,011 A Shares and 1,027,080,000 H Shares, accounting for 83.48% and 16.52% of the total share capital respectively.

Upon receipt, the proceeds were fully utilized for the purposes set out in the use of proceeds section in the prospectus of the H Shares. In addition, the net assets and net capital of the Company also increased. As the investment to the project invested with the proceeds included self-owned funds of the Company and proceeds, the impact of such changes in share capital on the financial indicators of the Company, such as earnings per share and net asset per share, could not be determined separately.

Section VI Changes in Share Capital and Information on Shareholders

(II) Changes in Restricted Shares

✓ Applicable □ Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Expiry date of restriction
Shenergy (Group) Company Limited	1,588,618,183	-	-	1,588,618,183	Lock-up under initial public offering of shares	March 23, 2018
Shanghai Haiyan Investment Management Company Limited	295,784,854	295,784,854	-	-	Lock-up under initial public offering of shares	March 23, 2016
Wenhui-Xinmin United Press Group	265,828,211	265,828,211	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Electric (Group) Corporation	200,523,507	-	-	200,523,507	Lock-up under initial public offering of shares	March 23, 2018
Shanghai Post Company (上海市郵政公司)	197,753,661	197,753,661	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	165,953,687	165,953,687	-	-	Lock-up under initial public offering of shares	March 23, 2016
Greatwall Information Industry Co., Ltd.	143,000,000	143,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Construction Group Co., Ltd.	133,523,008	-	-	133,523,008	Lock-up under initial public offering of shares	March 23, 2018
Shanghai Zeta Group Co., Ltd. (上海致達科技集團有限公司)	124,800,000	124,800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Greenland Holding Group Company Limited (綠地控股集團有限公司)	105,538,347	105,538,347	-	-	Lock-up under initial public offering of shares	March 23, 2016
National Council for Social Security Fund (Transfer Account No.2) (全國社會保障基金理事會轉持二戶)	95,329,960	30,041,619	-	65,288,341	Lock-up under initial public offering of shares	March 23, 2016 March 23, 2018
Shanghai Educational Development Co., Ltd. (上海市教育發展有限公司)	95,251,900	95,251,900	-	-	Lock-up under initial public offering of shares	March 23, 2016

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Expiry date of restriction
Shangyu Rensheng Investment Co., Ltd. (上虞任盛投資有限公司)	78,520,000	78,520,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Binfen Trade Development Co., Ltd. (上海繽紛商貿發展有限公司)	68,750,916	-	-	68,750,916	Lock-up under initial public offering of shares	March 23, 2018
Haitong Capital Investment Co., Ltd. (海通開元投資有限公司)	46,500,000	46,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Zhejiang Jinhui Investment Co., Ltd. (浙江金穗投資有限公司)	37,440,000	37,440,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Wang Min	35,000,000	35,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai International Trade & Investment Developing Co., Ltd. (上海市外經貿投資開發有限公司)	34,375,459	-	-	34,375,459	Lock-up under initial public offering of shares	March 23, 2018
Xizang Haizhixin Industrial Co., Ltd. (西藏海之鑫實業有限公司)	26,748,800	26,748,800	-	-	Lock-up under initial public offering of shares	March 23, 2016
Gofar Holdings Limited (高遠控股有限公司)	26,100,000	26,100,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Chaos Investment (Group) Co., Ltd. (上海混沌投資(集團)有限公司)	26,000,000	26,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Join Buy Co., Ltd. (上海九百股份有限公司)	25,358,535	25,358,535	-	-	Lock-up under initial public offering of shares	March 23, 2016
Wuxi Jinjiu Real Estate Development Co., Ltd. (無錫市金久置業發展有限公司)	23,707,670	23,707,670	-	-	Lock-up under initial public offering of shares	March 23, 2016
Green Vally (Group) Co., Ltd. (綠谷(集團)有限公司)	20,800,000	20,800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Yitan Technology Development Co., Ltd. (上海藝潭科技發展有限公司)	20,800,000	20,800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Yitan Information Engineering Co., Ltd. (上海藝潭信息工程(集團)有限公司)	20,800,000	20,800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Yiwu Qiuxiang Knitting Co., Ltd. (義烏市秋翔針織有限公司)	20,800,000	20,800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanxi Zhuorong Investment Co., Ltd. (山西卓融投資有限公司)	20,000,000	-	-	20,000,000	Lock-up under initial public offering of shares	May 19, 2018

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Expiry date of restriction
Xinjiang Zhongrun Fuli Equity Investment Partnership (LLP) (新疆中潤富利股權投資合夥企業(有限合夥))	19,500,000	19,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Yixing Junyue Real Estate Development Co., Ltd. (宜興市君悅置業發展有限公司)	19,500,000	19,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shihezi Langhua Equity Investment Partnership (LP) (石河子市浪花股權投資合夥企業(有限合夥))	19,500,000	19,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Yixing Yicheng Real Estate Development Co., Ltd. (宜興市宜城房地產開發有限公司)	16,770,000	16,770,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Foundation for Military Families and Army Support (上海市擁軍優屬基金會)	15,900,000	15,900,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Linzhi Bayi District Hengrui Taifu Industrial Co., Ltd. (林芝市巴宜區恒瑞泰富實業有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Huipu Venture Investment Co., Ltd. (上海匯浦創業投資有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Yixing Tongfeng Construction Development Co., Ltd. (宜興市銅峰建設開發有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Xinliyi Group Co., Ltd. (新理益集團有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Zhejiang Huacheng Holding Group Co., Ltd. (浙江華成控股集團有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Beijing Liandong Investment (Group) Co., Ltd. (北京聯東投資(集團)有限公司)	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shenzhen Kaifa Technology Co., Ltd.	13,000,000	13,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Kangnuo International Trading Co., Ltd. (上海康諾國際貿易有限公司)	12,600,000	12,600,000	-	-	Lock-up under initial public offering of shares	March 23, 2016

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Expiry date of restriction
Shangyu Shunying Industrial Development Co., Ltd. (上虞舜英實業發展有限公司)	12,480,000	12,480,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Weida Hi-Tech Holding Co., Ltd. (威達高科技控股有限公司)	12,000,000	-	-	12,000,000	Lock-up under initial public offering of shares	February 14, 2018
Ideal World Real Estate (Group) Co., Ltd. (雅世置業(集團)有限公司)	11,731,200	11,731,200	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Join Buy (Group) Co., Ltd. (上海九百(集團)有限公司)	9,801,811	9,801,811	-	-	Lock-up under initial public offering of shares	March 23, 2016
Ningbo Huatian Fuye Trading Co., Ltd. (寧波華天富業貿易有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Baoxiang Investment Management Co., Ltd. (上海寶祥投資管理有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Ruitong Asset Management Co., Ltd. (上海睿通資產管理有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Shangdian Capacitor Co., Ltd. (上海上電電容器有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Frontier Credit Co., Ltd. (上海馥地融資性擔保有限責任公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Time Publishing and Media Co., Ltd.	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Anhui Antian Investment Management Co., Ltd. (安徽省安天投資管理有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Chaos Daoran Assets Management Co., Ltd. (上海混沌道然資產管理有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Zijie Industrial Co., Ltd. (上海紫傑實業有限公司)	6,500,000	6,500,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Anhui Huawen Venture Capital Management Co., Ltd. (安徽華文創業投資管理有限公司)	6,283,212	6,283,212	-	-	Lock-up under initial public offering of shares	March 23, 2016
Qingdao Guolian Shengshi Trading Co., Ltd. (青島市國聯盛世貿易有限公司)	5,200,000	5,200,000	-	-	Lock-up under initial public offering of shares	March 23, 2016

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase in restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for restriction	Expiry date of restriction
Shanghai Issey Engineering Industrial Ltd. (上海傑思工程實業有限公司)	5,000,000	5,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Yixing Jincheng Construction Co., Ltd. (宜興市錦城建設有限公司)	5,000,000	5,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Jiangsu Xingda Stationery Group Co., Ltd. (江蘇興達文具集團有限公司)	5,000,000	5,000,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Chengtai Mechanic and Electronic Engineering Co., Ltd. (上海呈泰機電工程有限公司)	2,730,000	2,730,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Yihan Decoration Engineering Co., Ltd. (上海藝瀚裝飾工程有限公司)	2,600,000	2,600,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Hengchang Enterprise Management Consulting Co., Ltd. (上海恒暢企業管理諮詢有限公司)	2,080,000	2,080,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Shanghai Baozhan Trading Co., Ltd. (上海寶鑄安貿易有限公司)	2,080,000	2,080,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Zhejiang Hengtong Digital Technology Co., Ltd. (浙江恒通數碼科技有限公司)	2,080,000	2,080,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Zhongjing Xinhua Asset Investment Management Co., Ltd. (中靜新華資產管理有限公司)	800,000	800,000	-	-	Lock-up under initial public offering of shares	March 23, 2016
Total	4,281,742,921	2,158,663,507	-	2,123,079,414	/	/

Section VI Changes in Share Capital and Information on Shareholders

II. INFORMATION ON SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders as at the end of the Reporting Period (accounts) 181,396 holders of A Shares

(II) The table below sets out the shareholdings of the top ten shareholders, the top ten shareholders of circulating shares (or shareholders not subject to restriction on sales) as at the end of the Reporting Period

Unit: share

Name of shareholders (Full name)	Shareholdings of the top ten shareholders				Pledged or frozen			Nature of shareholders
	Changes in number of shares during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of restricted shares held	Status of shares	Number of shares		
Shenergy (Group) Company Limited	-	1,588,618,183	30.08	1,588,618,183	Nil	-	State-owned legal person	
Shanghai Haiyan Investment Management Company Limited	-	295,784,854	5.60	-	Nil	-	State-owned legal person	
Wenhui-Xinmin United Press Group	-	265,828,211	5.03	-	Nil	-	State-owned legal person	
Shanghai Electric (Group) Corporation	-	200,523,507	3.80	200,523,507	Nil	-	State-owned legal person	
Shanghai Post Company (上海市郵政公司)	-	197,753,661	3.74	-	Nil	-	State-owned legal person	
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	-	165,953,687	3.14	-	Nil	-	Domestic non-state-owned legal person	
China Securities Finance Corporation Limited	+75,268,597	146,676,165	2.78	-	Nil	-	State-owned legal person	
Greatwall Information Industry Co., Ltd.	-	143,000,000	2.71	-	Pledged	20,000,000	Domestic non-state-owned legal person	
Shanghai Construction Group Co., Ltd.	-	133,523,008	2.53	133,523,008	Nil	-	State-owned legal person	
Shanghai Educational Development Co., Ltd. (上海市教育發展有限公司)	-	95,251,900	1.80	-	Nil	-	State-owned legal person	

Section VI Changes in Share Capital and Information on Shareholders

Unit: share

Shareholdings of the top ten shareholders of non-restricted shares

Name of shareholders	Number of circulating non-restricted shares held	Type and number of shares	
		Type	Number
Shanghai Haiyan Investment Management Company Limited	295,784,854	RMB ordinary shares	295,784,854
Wenhui-Xinmin United Press Group	265,828,211	RMB ordinary shares	265,828,211
Shanghai Post Company (上海市郵政公司)	197,753,661	RMB ordinary shares	197,753,661
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	165,953,687	RMB ordinary shares	165,953,687
China Securities Finance Corporation Limited	146,676,165	RMB ordinary shares	146,676,165
Greatwall Information Industry Co., Ltd.	143,000,000	RMB ordinary shares	143,000,000
Shanghai Educational Development Co., Ltd. (上海市教育發展有限公司)	95,251,900	RMB ordinary shares	95,251,900
Greenland Holding Group Company Limited (綠地控股集團有限公司)	91,663,807	RMB ordinary shares	91,663,807
Ren Baogen	67,941,575	RMB ordinary shares	67,941,575
Shanghai Zeta Group Co., Ltd. (上海致達科技集團有限公司)	55,000,000	RMB ordinary shares	55,000,000
Related party relationship or parties acting in concert among above shareholders	Shenergy (Group) Company Limited, Shanghai Electric (Group) Corporation and Shanghai Construction Group Co., Ltd. are the subsidiaries of the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government. The Company is not aware of any other related party relationship or any parties acting in concert among other shareholders.		

Section VI Changes in Share Capital and Information on Shareholders

Unit: share

Shareholdings of the top ten shareholders of restricted shares and restrictions					
Listing and trading of restricted shares					
No.	Name of restricted shareholders	Number of restricted shares held	Date of being released for listing and trading	Number of additional shares eligible to be listed and traded	Restriction
1	Shenergy (Group) Company Limited	1,588,618,183	March 23, 2018	-	Lock-up period of 36 months
2	Shanghai Electric (Group) Corporation	200,523,507	March 23, 2018	-	Lock-up period of 36 months
3	Shanghai Construction Group Co., Ltd.	133,523,008	March 23, 2018	-	Lock-up period of 36 months
4	Shanghai Binfen Trade Development Co., Ltd. (上海繽紛商貿發展有限公司)	68,750,916	March 23, 2018	-	Lock-up period of 36 months
5	National Council for Social Security Fund (Transfer Account No.2) (全國社會保障基金理事會轉持二戶)	65,288,341	March 23, 2018	95,329,960	Lock-up period of 36 months
6	Shanghai International Trade & Investment Developing Co., Ltd. (上海市外經貿投資開發有限公司)	34,375,459	March 23, 2018	-	Lock-up period of 36 months
7	Shanxi Zhuorong Investment Co., Ltd. (山西卓融投資有限公司)	20,000,000	May 19, 2018	-	Lock-up period of 38 months
8	Weida Hi-Tech Holding Co., Ltd. (威達高科技控股有限公司)	12,000,000	February 14, 2018	-	Lock-up period of 35 months
Related party relationship or parties acting in concert among above shareholders		Shenergy (Group) Company Limited, Shanghai Electric (Group) Corporation and Shanghai Construction Group Co., Ltd. are the subsidiaries of the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government. The Company is not aware of any other related party relationship or any parties acting in concert among other shareholders.			

Notes: 1. The nature of shareholders represents the nature of accounts registered by such shareholders with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

2. As the shares of the Company are the subject of margin financing and securities lending, the number of shares held by a shareholder is the sum of the shares and equity held through the general securities account and credit securities account.

Section VI Changes in Share Capital and Information on Shareholders

(III) Strategic investors or general legal persons became the top ten shareholders due to placement of new shares

Applicable Not applicable

III. CHANGES OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

Applicable Not applicable

IV. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at June 30, 2016, the Company has not been listed on the Main Board of the Hong Kong Stock Exchange, hence section 336 of the SFO was not applicable.

As at July 8, 2016 (being the date on which the H Shares was listed on the Main Board of the Hong Kong Stock Exchange), so far as the Company and its directors, having made all reasonable enquiries, are aware, the following substantial shareholders and other parties (excluding the directors, supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Name of shareholders	Type of share	Nature of interests	Number of shares (note 1)	Approximate percentage of total share of relevant class in issue (%) (note 2)	Approximate percentage of total shares in issue (%) (note 2)
Shenergy (Group) Company Limited	A Share	Beneficial owners	1,541,008,802(L)	29.66	25.05
Shanghai Haiyan Investment Management Company Limited	A Share	Beneficial owners	286,920,462(L)	5.52	4.66
Zhu Lijia (note 3)	H Share	Interests in controlled corporation	94,940,800(L)	9.92	1.54
Sun Hongyan (note 3)	H Share	Interests in controlled corporation	94,940,800(L)	9.92	1.54
Hung Jia Finance Limited (note 3)	H Share	Interests in controlled corporation	94,940,800(L)	9.92	1.54
Kaiser Century Investments Limited (note 3)	H Share	Beneficial owners	94,940,800(L)	9.92	1.54
Raise Sino Investments Limited (note 4)	H Share	Beneficial owners	113,737,200(L)	11.88	1.84

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholders	Type of share	Nature of interests	Number of shares (note 1)	Approximate percentage of total share of relevant class in issue (%) (note 2)	Approximate percentage of total shares in issue (%) (note 2)
The Goldman Sachs Group, Inc. (note 5 and 6)	H Share	Interests held jointly with another party	143,000,000(L)		
	H Share	Interests held jointly with another party	143,000,000(S)		
	H Share	Interests in controlled corporation	62,063,200(L)		
		In total:	205,063,200(L) 143,000,000(S)	21.43 14.94	3.33 2.32
GS India Holdings (Deleware) L.L.C. (note 5)	H Share	Interests held jointly with another party	143,000,000(L)	14.94	2.32
	H Share	Interests held jointly with another party	143,000,000(S)	14.94	2.32
Goldman Sachs (Cayman) Holding Company (note 5)	H Share	Interests held jointly with another party	143,000,000(L)	14.94	2.32
	H Share	Interests held jointly with another party	143,000,000(S)	14.94	2.32
Goldman Sachs (Asia) Corporate Holdings L.P. (note 5)	H Share	Interests held jointly with another party	143,000,000(L)	14.94	2.32
	H Share	Interests held jointly with another party	143,000,000(S)	14.94	2.32
Goldman Sachs Holdings (Hong Kong) Limited (note 5)	H Share	Interests held jointly with another party	143,000,000(L)	14.94	2.32
	H Share	Interests held jointly with another party	143,000,000(S)	14.94	2.32
Goldman Sachs (Asia) L.L.C. (note 5)	H Share	Interests held jointly with another party	143,000,000(L)	14.94	2.32
	H Share	Interests held jointly with another party	143,000,000(S)	14.94	2.32
Bank of Communications Co., Ltd. (note 7)	H Share	Interests in controlled corporation	93,991,600(L)	9.82	1.53
Bank of Communications (Nominee) Company Limited (note 7)	H Share	Interests in controlled corporation	93,991,600(L)	9.82	1.53
BOCOM International Asset Management Limited (note 7)	H Share	Interests in controlled corporation	93,991,600(L)	9.82	1.53

Section VI Changes in Share Capital and Information on Shareholders

Name of shareholders	Type of share	Nature of interests	Number of shares (note 1)	Approximate percentage of total share of relevant class in issue (%) (note 2)	Approximate percentage of total shares in issue (%) (note 2)
BOCOM International Holdings Company Limited (note 7)	H Share	Interests in controlled corporation	93,991,600(L)	9.82	1.53
BOCOM International Global Investment Limited (note 7)	H Share	Beneficial owners	93,991,600(L)	9.82	1.53

Notes :

- (L) represents the long position, (S) represents short position.
- As at July 8, 2016, the Company has issued 6,151,742,921 shares in total, including 5,194,742,921 A Shares and 957,000,000 H Shares.
- Kaiser Century Investments Limited is owned as to 100% by Hung Jia Finance Limited. Hung Jia Finance Limited is owned as to 50% by each of Mr. Zhu Lijia and his spouse Ms. Sun Hongyan. Therefore, each of Mr. Zhu Lijia, Ms. Sun Hongyan and Hung Jia Finance Limited is deemed to be interested in the shares of the Company held by Kaiser Century Investments Limited under the SFO.
- Raise Sino Investments Limited is owned as to 100% by Chu Lam Yiu.
- Goldman Sachs (Asia) L.L.C. is owned as to 100% by Goldman Sachs Holdings (Hong Kong) Limited, which in turn is owned as to 100% by Goldman Sachs (Asia) Corporate Holdings L.P.. Goldman Sachs (Asia) Corporate Holdings L.P. is owned as to 0% and 60.26% by GS India Holdings (Delaware) L.L.C. and Goldman Sachs (Cayman) Holdings Company respectively. GS India Holdings (Delaware) L.L.C. and Goldman Sachs (Cayman) Holding Company is owned as to 100% and 97% by The Goldman Sachs Group, Inc. respectively. Therefore, The Goldman Sachs Group, Inc., GS India Holdings (Delaware) L.L.C., Goldman Sachs (Cayman) Holding Company, Goldman Sachs (Asia) Corporate Holdings L.P. and Goldman Sachs Holdings (Hong Kong) Limited are deemed to be interested in 143,000,000 H Shares (long position) and 143,000,000 H Shares (short position) of the Company held by Goldman Sachs (Asia) L.L.C. respectively under the SFO. At the same time, such share interest is jointly held with Citigroup Global Markets Limited, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and BOCOM International Securities Limited.
- The Goldman Sachs Group, Inc. held 62,063,200 H Shares through Goldman Sachs (UK) L.L.C., Goldman Sachs Group UK Limited and Goldman Sachs International.
- BOCOM International Global Investment Limited is wholly owned by BOCOM International Asset Management Limited. BOCOM International Asset Management Limited is wholly owned by BOCOM International Holdings Company Limited, which in turn is wholly owned by Bank of Communications (Nominee) Company Limited. Bank of Communications (Nominee) Company Limited is wholly owned by Bank of Communications Co., Ltd. Therefore, Bank of Communications Co., Ltd., Bank of Communications (Nominee) Company Limited, BOCOM International Holdings Company Limited and BOCOM International Asset Management Limited are deemed to be interested in the shares of the Company held by BOCOM International Global Investment Limited under the SFO.

Section VI Changes in Share Capital and Information on Shareholders

Save as disclosed above, as at July 8, 2016, none of the other substantial shareholders or parties have any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

V. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2016, the Company has not been listed on the Main Board of the Hong Kong Stock Exchange, hence section 352 of the SFO and the Model Code was not applicable.

As at July 8, 2016 (being the date on which the H Shares was listed on the Main Board of the Hong Kong Stock Exchange), according to the information available to the Company and so far as the directors are aware, none of the directors, supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

VI. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

During the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the listed securities of the Company or its subsidiaries.

Section VII Preferred Shares

During the Reporting Period, the Company did not have matters relating to preferred shares.

Section VIII Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

(I) Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period

During the Reporting Period, none of the current and resigned directors, supervisors and senior management of the Company held any shares of the Company.

(II) Equity incentives granted to directors, supervisors and senior management during the Reporting Period

During the Reporting Period, no equity incentives were granted to the directors, supervisors or senior management of the Company.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Status	Reason of Change
Chen Bichang	Director	Resigned	Due to work commitment
Huang Laifang	Director	Elected	Election

Explanations:

1. On April 12, 2016, the Board of Directors received the written resignation tendered by Mr. Chen Bichang, a director of the Company. Due to work commitment, Mr. Chen Bichang resigned from the positions of director of the third session of the Board and the member of the Strategy Development Committee. Upon his resignation, Mr. Chen Bichang will not hold any position in the Company (for details, please refer to the relevant announcement of the Company published on the SSE on April 14, 2016).
2. On May 25, 2016, the 2015 annual general meeting of the Company considered and passed the Resolution on Election of Directors of the Company, and elected Ms. Huang Laifang as the director of the third session of the Board of Directors. The appointment of Ms. Huang Laifang would take effect from the date on which her qualification as the director was approved by the CSRC and end on the expiry date of term of the third session of the Board of Directors. On June 29, 2016, the Company received the Reply on Approving Qualification of Huang Laifang as Director of Securities Company (Hu Zheng Jian Xu Ke [2016] No. 63) issued by the Shanghai Bureau of the CSRC. Pursuant to which, Ms. Huang Laifang took up the position as a director of the third session of the Board of Directors until the expiry of term of this session of the Board of Directors (for details, please refer to the relevant announcement of the Company published on the SSE on June 30, 2016).

Section VIII Directors, Supervisors and Senior Management

3. On July 8, 2016, the overseas listed foreign shares (H Shares) issues by the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange. According to the Resolution on Addition of Independent Director of the Company which was considered and passed at the first extraordinary general meeting for 2015 of the Company held on September 22, 2015, Mr. Xu Zhiming was appointed as an independent director of the third session of the Board of Directors effective from July 8, 2016 to the expiry date of term of the third session of the Board of Directors (for details, please refer to the relevant announcement of the Company published on the SSE on July 8, 2016).
4. On July 12, 2016, the Board received the written resignation tendered by Mr. Xu Chao, a director of the Company. Due to work commitment, Mr. Xu Chao resigned from the positions of director of the third session of the Board and the member of the Audit Committee. Upon his resignation, Mr. Xu Chao will not hold any position in the Company.

III. OTHER INFORMATION

(I) Securities Transactions of Directors, Supervisors and Relevant Employees

The Company has adopted the standards set out in the Model Code as the code of conduct regarding the securities transactions conducted by the directors, supervisors and relevant employees of the Company. After the Company made specific inquiries, all directors and supervisors confirmed that they have complied with the requirements set out in the Model Code since the date of the listing of the H shares on the Hong Kong Stock Exchange up to the date of this report. The Company found no breach of the relevant guidelines by the relevant employees. During the period, no present and resigned directors, supervisors or senior management of the Company held shares or share options, or were granted restricted shares of the Company.

(II) Changes in Material Information of Directors and Supervisors

1. Mr. Li Xiang, a non-executive director of the Company, ceased to be the director of Shanghai Xinmin Media Co., Ltd. (上海新民傳媒有限公司) and Shanghai Wenxin Investment Co., Ltd. (上海文新投資有限公司) since January 2016. Mr. Li Xiang has served as the director of Shanghai Chenxin Culture Media Co., Ltd. (上海晨昕文化傳媒有限公司) since January 2016, the director of Shanghai Yueke Information Technology Co., Ltd. (上海閱客信息科技有限公司) since May 2016, the director of Shanghai Post Quanrisong Logistics Distribution Co., Ltd. (上海郵政全日送物流配送有限公司) since June 2016 and the director of Shanghai Dongjie Advertisement Media Co., Ltd. (上海東杰廣告傳媒有限公司) since June 2016.
2. Ms. Huang Laifang, a non-executive director of the Company, has served as the deputy general manager of the Shanghai branch of China Post Group since February 2016.
3. Mr. Wei Anning, an independent non-executive director of the Company, ceased to be the director of Ningxia Wolfberry Industry Co., Ltd. since April 2016.

Section VIII Directors, Supervisors and Senior Management

4. Mr. Pan Fei, an independent non-executive director of the Company, ceased to be the independent director of Shanghai M&G Stationery Inc. since April 2016, the independent director of Jiangsu Yabaite Technology Co., Ltd. since April 2016 and the independent director of Bright Dairy & Food Co., Ltd. since May 2016.
5. Mr. Yao Yuan, a supervisor of the Company, has acted as the supervisor of Shanghai Orient Securities Futures Co., Ltd. since February 2016.

(III) Service Contracts of Directors and Supervisors

According to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has entered into contracts with directors and supervisors of the Company in relation to (among others) compliance with the relevant laws and regulations and the Articles of Association as well as the arbitration provisions. Save as disclosed above, the Company has not entered and does not recommend to enter into any service contracts with any directors or supervisors of the Company in their respective capacity as director or supervisor (except those expire in one year or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(IV) Employees and Remuneration Policy

As at the end of the Reporting Period, the Group had 3,846 employees, of whom 2,796 were hired by the Parent Company and 1,050 were hired by the subsidiaries.

The Company emphasizes the recruitment, motivation, training and use of talents, and adopted a salary system based on position salary and performance bonus. The remuneration level is linked to the value of the position, local market rates and performance evaluation results, so as to ensure “highest priority is given to efficiency while taking fairness into account”. Pursuant to the applicable laws and regulations of the PRC, the Company entered into a labor contract with each of its employees to establish an employment relationship. The labor contract contains the provisions relating to a contract term, working hours, rest and vacation, labor remuneration and insurance benefits, labor protection and conditions, as well as modification and termination of the contract.

Under the applicable laws and regulations of the PRC, the Company purchased various social insurance policies (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing provident fund for its employees. It made contributions to the above social insurance and housing provident fund on time and in full. Meanwhile, the Company, in accordance with the applicable PRC regulations, also established a corporate annuity system and supplementary medical insurance system in 2006, which provided additional pension and medical protection to employees.

Section IX Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: RMB

Name of bonds	Abbreviation	Code	Issue date	Maturity date	Bonds balance	Interest rate	Repayment of principal and interest	Trading venue
2015 Corporate Bonds publicly issued by Orient Securities Company Limited	15 Orient Securities Bonds	136061.SH	November 26, 2015	November 26, 2020	12,000,000,000	3.90%	Interest payable annually and principal to be repaid upon maturity in one lump sum.	SSE

II. CONTACT PERSONS AND CONTACT METHODS OF THE CORPORATE BONDS TRUSTEE MANAGER AND CONTACT METHODS OF CREDIT RATING AGENCY

Bonds trustee manager	Name	Everbright Securities Company Limited
	Office address	No. 1508 Xinzha Road, Jing'an District, Shanghai City, the PRC
	Contact persons	Zhou Ping, Lu Wen
Credit rating agency	Tel	+86-021-22169999
	Name	China Chengxin Securities Ratings Co., Ltd.
	Office address	21/F, Anji Mansion, No. 760 Xizang South Road, Huangpu District, Shanghai City, the PRC

III. USE OF PROCEEDS FROM CORPORATE BONDS

After deduction of expenses in relation to the issuance, the proceeds from corporate bonds amounted to RMB11,990,400,000.00 were transferred to the designated proceeds account. A capital verification report (De Shi Bao (Yan) Zi (15) No. 1759) was issued by Deloitte Touche Tohmatsu CPA LLP. The Company utilized the proceeds for the purposes set out in the prospectus in strict compliance with relevant laws and regulations.

IV. INFORMATION ON THE CREDIT RATING AGENCY OF CORPORATE BONDS

According to the Credit Rating Report (Xin Ping Wei Han Zi [2015] No. 330) issued by China Chengxin Securities Ratings Co., Ltd., the Company was given an AAA rating with stable outlook; the corporate bonds were given an AAA rating. In April 2016, China Chengxin Securities Ratings Co., Ltd. issued a follow-up rating report and maintained the AAA ratings given to the Company and the bonds.

Section IX Corporate Bonds

V. CREDIT ENHANCEMENT, REPAYMENT PLAN AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

Credit enhancement: credit issuance

Repayment plan:

(I) Payment of interest

1. The bonds shall pay interest annually within the effective period and the last interest payment shall be payable together with the principal. The interest of the corporate bonds will be paid on November 26 each year from 2016 to 2020 (or the following working day if such date shall fall on a statutory holiday or non-working day).
2. The interest payment of the bonds is carried out through the registration authority and other relevant institutions. Details of interest payment will be explained by the issuer in the interest payment announcement published on the media designated by CSRC in compliance with the relevant state regulations.
3. Pursuant to the national taxation laws and regulations, the tax payable by the investors in relation to the bonds investment shall be borne by the investors.

(II) Repayment of principal

1. The principal of the bonds will be repaid upon maturity in one lump sum. The principal of the corporate bonds will be repaid on November 26, 2020 (or the following working day if such date shall fall on a statutory holiday or non-working day).
2. The principal repayment of the bonds is carried out through the registration authority and other relevant institutions. Details of principal repayment will be explained by the issuer in the repayment announcement published in the media designated by CSRC in compliance with the relevant state regulations.

VI. MEETING OF CORPORATE BONDHOLDERS

During the Reporting Period, the Company did not convene any meetings of corporate bondholders.

Section IX Corporate Bonds

VII. DUTY PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

The issue of “15 Orient Securities Bonds” was completed on November 26, 2015. Everbright Securities Company Limited, the bonds trustee manager, conducted continuous follow-up and supervision to the fulfillment of obligations under the prospectus by the Company during the effective period of the bonds and issued the 2015 trustee management report in June 2016.

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR DURING THE REPORTING PERIOD AND THE SAME PERIOD OF LAST YEAR)

Unit: RMB

Major indicators	As at the end	As at the end	Increase or	Reason
	of the Reporting	of last year	at the end of the	
	Period		Reporting Period	for change
			as compared	
			with the end	
			of last year (%)	
Current ratio	1.34	1.30	3.08	
Quick ratio	1.34	1.30	3.08	
Gearing ratio (Note)	78.60%	78.52%	0.10	
Loan repayment rate	100%	100%	-	
	The Reporting	Same period	Increase or	Reason
	Period	last year	decrease in the	
	(January-June)		Reporting Period	for change
			as compared	
			with the same	
			period of	
			last year (%)	
EBITDA interest coverage ratio	153%	317%	-51.74	Significant decrease in profit before interests and taxation as compared with the same period of last year
Interest repayment ratio	100%	100%	-	

Section IX Corporate Bonds

Note:

Gearing ratio = (Total liabilities – Account payable to brokerage clients – Funds payable to securities issuers – Account payable to brokerage clients for margin transaction)/(Total assets – Account payable to brokerage clients – Funds payable to securities issuers – Account payable to brokerage clients for margin transaction)

IX. ASSETS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD

Please refer to “Section IV – (III) Analysis on Principal Components of Consolidated Statement of Financial Positions” in this report for details.

X. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Apart from corporate bonds, the Company also issued short-term financing bills, subordinated bonds and other debt financing instruments. The principal and interest of each of such debt financing instruments were repaid on time, without any default.

XI. BANK FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

The Company was in good credit status and maintained a long-term partnership with major banks in China. As at June 30, 2016, the Parent Company obtained an aggregate banking facilities of RMB145,600 million from major lending banks including Industry and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, China Merchants Bank, Industrial Bank, Bank of Shanghai and Shanghai Pudong Development Bank, with the total unutilized banking facilities amounting to RMB88,600 million.

XII. PERFORMANCE OF UNDERTAKINGS OR COMMITMENTS IN BONDS PROSPECTUS DURING THE REPORTING PERIOD

There were no relevant undertakings or commitments in the bonds prospectus.

XIII. IMPACT OF MATERIAL EVENTS OF THE COMPANY ON OPERATIONS AND SOLVENCY OF THE COMPANY

During the Reporting Period, there were no material events which had an impact on the operations and solvency of the Company.

Section X Documents Available for Inspection

Documents available for inspection

- The full text and summary of the interim report signed by the legal representative and sealed with the corporate seal
- The 2016 interim financial report signed and sealed by the legal representative, the accounting chief and person-in-charge of the accounting department (head of the accounting department)
- The review report of Deloitte Touche Tohmatsu

Chairman of the Board: Pan Xinjun
Date of approval by the Board: August 26, 2016

Section XI Information Disclosures of Securities Company

I. INFORMATION ON MATERIAL ADMINISTRATIVE LICENSE OF THE COMPANY

No.	Issued by	Title of document	Number of document	Issuing date
1	Shanghai Bureau of the CSRC	Reply on Approving Change of Material Articles in Articles of Association of Orient Securities Company Limited	Hu Zheng Jian Xu Ke [2016] No. 11	January 12, 2016
2	State-owned Assets Supervision and Administration Commission of State Council	Reply on Issues Related to Transfer of State-owned Shares in Orient Securities Company Limited	Guo Zi Chan Quan [2016] No. 203	March 24, 2016
3	CSRC	Letter of Issuing Regulatory Opinion on Public Offering and Listing of H Shares of Orient Securities Company Limited	Ji Gou Bu Han [2016] No. 657	March 31, 2016
4	Shanghai State-owned Assets Supervision and Administration Commission	Reply on Issues Related to Transfer of State-owned Shares in Orient Securities Company Limited	Hu Guo Zi Wei Chan Quan [2016] No. 72	April 5, 2016
5	CSRC	Reply on Approving Issue of Overseas Listed Foreign Shares by Orient Securities Company Limited	Zheng Jian Xu Ke [2016] No. 1026	May 13, 2016
6	Shanghai Bureau of the CSRC	Reply on Approving Qualification of Xu Zhiming as Independent Director of Securities Company	Hu Zheng Jian Xu Ke [2016] No. 56	June 17, 2016
7	Shanghai Bureau of the CSRC	Reply on Approving Qualification of Huang Laifang as Director of Securities Company	Hu Zheng Jian Xu Ke [2016] No. 63	June 27, 2016
8	Shanghai Bureau of the CSRC	Reply on Approving Establishment of 33 Securities Branches by Orient Securities Company Limited	Hu Zheng Jian Xu Ke [2016] No. 74	July 15, 2016

II. RESULT OF CLASSIFICATION OF THE COMPANY BY REGULATORY AUTHORITY

In 2016, the Company was rated as a “Grade A, Category AA” company.

Report on Review of Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF 東方證券股份有限公司
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of 東方證券股份有限公司 (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 81 to 144, which comprise the condensed consolidated statement of financial position as at June 30, 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2016, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the international Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2015, and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 26, 2016

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2016

	Notes	Six months ended June 30,	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue			
Commission and fee income	4	2,269,990	3,691,897
Interest income	5	2,202,655	1,986,288
Net investment gains	6	1,002,260	7,556,977
Total revenue		5,474,905	13,235,162
Other income and gains	7	274,543	113,508
Total revenue and other income		5,749,448	13,348,670
Depreciation and amortization	8	(84,362)	(74,072)
Staff costs	9	(825,817)	(2,125,821)
Commission and fee expenses		(208,255)	(420,744)
Interest expenses	10	(2,564,280)	(1,989,469)
Other operating expenses	11	(640,327)	(1,196,235)
Reversal of/(provision for) impairment losses		1,427	(3,117)
Total expenses		(4,321,614)	(5,809,458)
Share of results of associates		132,770	161,349
Profit before income tax		1,560,604	7,700,561
Income tax expense	12	(204,227)	(1,767,970)
Profit for the period		1,356,377	5,932,591
Attributable to:			
Shareholders of the Company		1,283,432	5,877,606
Non-controlling interests		72,945	54,985
		1,356,377	5,932,591
Earnings per share attributable to shareholders of the Company (Expressed in RMB Yuan per share)			
– Basic	13	0.24	1.23

Condensed Consolidated Statements of Profit or Loss and other Comprehensive Income

For the six months ended June 30, 2016

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Profit for the period	1,356,377	5,932,591
Other comprehensive (expense)/income attributable to owners of the Company, net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Net fair value (losses)/gains on available-for-sale financial assets	(1,952,325)	934,545
Income tax impact	489,614	(235,097)
Share of other comprehensive income/(expense) of associates	917	(158)
Exchange differences arising on translation	11,697	(9,237)
Others	391	580
Other comprehensive (expense)/income for the period, net of income tax	(1,449,706)	690,633
Total comprehensive (expense)/income for the period	(93,329)	6,623,224
Attributable to:		
Shareholders of the Company	(166,665)	6,567,659
Non-controlling interests	73,336	55,565
	(93,329)	6,623,224

The accompanying notes presented on pages 92 to 144 form part of these unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Financial Position

As at June 30, 2016

	NOTES	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current assets			
Property and equipment	14	1,843,281	1,718,155
Goodwill	15	32,135	32,135
Other intangible assets		93,066	96,549
Investments in associates	17	2,395,505	1,908,526
Other receivables and prepayments	19	355,003	–
Available-for-sale financial assets	20	11,434,764	11,369,355
Held-to-maturity investments	21	153,010	293,921
Financial assets held under resale agreements	22	11,204,572	10,209,680
Deferred tax assets		295,177	317,448
Total non-current assets		27,806,513	25,945,769
Current assets			
Advances to customers	23	9,736,081	14,241,083
Accounts receivable	24	516,859	502,401
Other receivables and prepayments	19	3,903,609	4,315,193
Available-for-sale financial assets	20	54,888,998	48,507,365
Held-to-maturity investments	21	71,510	920,078
Financial assets held under resale agreements	22	20,563,462	16,288,535
Financial assets at fair value through profit or loss	25	23,251,213	31,870,854
Derivative financial assets		444,349	77,362
Deposits with exchanges and non-bank financial institutions	26	895,641	1,060,011
Clearing settlement funds	27	8,603,216	8,825,404
Cash and bank balances	28	41,852,398	55,343,507
Total current assets		164,727,336	181,951,793
Total assets		192,533,849	207,897,562

Condensed Consolidated Statements of Financial Position

As at June 30, 2016

	NOTES	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Current liabilities			
Borrowings	30	521,367	383,780
Due to banks and other financial institutions		4,500,000	10,200,000
Accounts payable to brokerage clients	31	36,283,534	43,193,275
Accrued staff costs		736,184	1,928,933
Other account payables, other payables and accruals	32	2,035,139	2,203,981
Current tax liabilities		187,271	1,682,468
Bonds payables	33	18,822,069	4,781,294
Short-term financing bills payables	34	6,533,822	8,396,061
Financial liabilities at fair value through profit or loss	35	5,201,464	3,147,266
Derivative financial liabilities		128,398	181,480
Financial assets sold under repurchase agreements	36	37,421,144	36,665,091
Total current liabilities		112,370,392	112,763,629
Net current assets		52,356,944	69,188,164
Total assets less current liabilities		80,163,457	95,133,933
Equity			
Share capital	37	5,281,743	5,281,743
Reserves		20,795,815	22,227,773
Retained profits		6,870,079	7,448,603
Equity attributable to shareholders of the Company		32,947,637	34,958,119
Non-controlling interests		490,181	417,626
Total equity		33,437,818	35,375,745

Condensed Consolidated Statements of Financial Position

As at June 30, 2016

	NOTES	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current liabilities			
Borrowings	30	–	385,388
Financial assets sold under repurchase agreements	36	5,820,000	11,215,000
Deferred tax liabilities		375,092	976,606
Bonds payables	33	40,530,547	47,181,194
Total non-current liabilities		46,725,639	59,758,188
Total equity and non-current liabilities		80,163,457	95,133,933

This unaudited condensed consolidated financial statements on pages 81 to 144 was approved for issue by the Board of Directors on August 26, 2016 and signed on its behalf by:

Pan Xinjun
Chairman of Board

Zhang Jianhui
Chief Financial Officer

The accompanying notes presented on pages 92 to 144 form part of these unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Changes In Equity

For the six months ended June 30, 2016

	Equity attributable to shareholders of the Company										
	NOTE	Reserves							Subtotal	Non-controlling interests	Total equity
		Share capital	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Retained profits			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Unaudited											
As at January 1, 2016		5,281,743	12,569,391	2,457,998	5,138,431	2,085,229	(23,276)	7,448,603	34,958,119	417,626	35,375,745
Profit for the period		-	-	-	-	-	-	1,283,432	1,283,432	72,945	1,356,377
Other comprehensive (expenses)/income for the period		-	-	-	-	(1,461,794)	11,697	-	(1,450,097)	391	(1,449,706)
Total comprehensive (expenses)/income for the period		-	-	-	-	(1,461,794)	11,697	1,283,432	(166,665)	73,336	(93,329)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	3,751	3,751
Appropriation to general reserve		-	-	-	13,345	-	-	(13,345)	-	-	-
Dividends recognised as distribution	38	-	-	-	-	-	-	(1,848,611)	(1,848,611)	(4,532)	(1,853,143)
Others		-	4,794	-	-	-	-	-	4,794	-	4,794
As at June 30, 2016		5,281,743	12,574,185	2,457,998	5,151,776	623,435	(11,579)	6,870,079	32,947,637	490,181	33,437,818
Unaudited											
As at January 1, 2015		4,281,743	3,796,107	1,435,323	3,222,165	1,244,695	(9,655)	4,382,755	18,353,133	272,365	18,625,498
Profit for the period		-	-	-	-	-	-	5,877,606	5,877,606	54,985	5,932,591
Other comprehensive income/(expenses) for the period		-	-	-	-	699,290	(9,237)	-	690,053	580	690,633
Total comprehensive income/(expenses) for the period		-	-	-	-	699,290	(9,237)	5,877,606	6,567,659	55,565	6,623,224
IPO of A shares		1,000,000	9,030,000	-	-	-	-	-	10,030,000	-	10,030,000
Costs of IPO of A shares		-	(242,526)	-	-	-	-	-	(242,526)	-	(242,526)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	6,450	6,450
Appropriation to general reserve		-	-	-	10,880	-	-	(10,880)	-	-	-
Dividends recognised as distribution	38	-	-	-	-	-	-	(792,261)	(792,261)	(856)	(793,117)
As at June 30, 2015		5,281,743	12,583,581	1,435,323	3,233,045	1,943,985	(18,892)	9,457,220	33,916,005	333,524	34,249,529

Condensed Consolidated Statements of Changes In Equity

For the six months ended June 30, 2016

	Equity attributable to shareholders of the Company										
	NOTE	Reserves							Subtotal	Non-controlling interests	Total equity
		Share capital	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Retained profits			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Audited											
As at January 1, 2015		4,281,743	3,796,107	1,435,323	3,222,165	1,244,695	(9,655)	4,382,755	18,353,133	272,365	18,625,498
Profit for the year		-	-	-	-	-	-	7,325,225	7,325,225	48,945	7,374,170
Other comprehensive income/(expenses) for the year		-	-	-	-	840,534	(13,621)	-	826,913	393	827,306
Total comprehensive income/(expenses) for the year		-	-	-	-	840,534	(13,621)	7,325,225	8,152,138	49,338	8,201,476
IPO of A shares		1,000,000	9,030,000	-	-	-	-	-	10,030,000	-	10,030,000
Costs of IPO of A shares		-	(242,526)	-	-	-	-	-	(242,526)	-	(242,526)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	97,680	97,680
Appropriation to surplus reserve		-	-	1,022,675	-	-	-	(1,022,675)	-	-	-
Appropriation to general reserve		-	-	-	1,916,266	-	-	(1,916,266)	-	-	-
Dividends recognised as distribution	38	-	-	-	-	-	-	(1,320,436)	(1,320,436)	(1,757)	(1,322,193)
Others		-	(14,190)	-	-	-	-	-	(14,190)	-	(14,190)
As at December 31, 2015		5,281,743	12,569,391	2,457,998	5,138,431	2,085,229	(23,276)	7,448,603	34,958,119	417,626	35,375,745

The accompanying notes presented on pages 92 to 144 form part of these unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flow

For the six months ended June 30, 2016

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
OPERATING ACTIVITIES		
Profit before income tax	1,560,604	7,700,561
Adjustments for		
Interest expenses	2,564,280	1,989,469
Share of results of associates	(132,770)	(161,349)
Depreciation and amortisation	84,362	74,072
(Reversal of)/provision for impairment losses	(1,427)	3,117
Losses/(gains) on disposal of property and equipment and other intangible assets	611	(15,402)
Foreign exchange gains	(43,659)	(2,289)
Net realised gains and income arising from available-for-sale financial assets	(1,893,803)	(3,784,173)
Interest income from held-to-maturity investments	(24,404)	(33,515)
Unrealised fair value change of financial assets at fair value through profit or loss	482,949	(501,001)
Unrealised fair value change of financial liabilities at fair value through profit or loss	540,054	22,193
Unrealised fair value change of derivative financial assets	(441,436)	(100,699)

Condensed Consolidated Statements of Cash Flow

For the six months ended June 30, 2016

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Operating cash flows before movements in working capital	2,695,361	5,190,984
Decrease/(increase) in advances to customers	4,505,002	(17,064,555)
Increase in financial assets held under resale agreements	(5,269,819)	(9,733,939)
Decrease/(increase) in financial assets at fair value through profit or loss and derivative financial assets	8,211,141	(9,114,450)
Decrease/(increase) in deposits and reservefunds and deposits with exchanges	164,370	(301,852)
Decrease/(increase) in bank balances and clearing settlement funds restricted or held on behalf of customers	9,724,065	(31,567,160)
Increase in accounts receivable, other receivables and prepayments	(67,654)	(707,994)
(Decrease)/increase in other account payables, other payables and accruals	(1,415,820)	716,975
(Decrease)/increase in accounts payable to brokerage clients	(6,909,741)	31,034,999
Increase in financial liabilities at fair value through profit or loss and derivatives financial liabilities	1,461,062	1,140,347
(Decrease)/increase in financial assets sold under repurchase agreements	(4,638,947)	18,069,037
Decrease in deposits due to banks and other financial institutions	(5,700,000)	(1,050,000)
Cash generated/(used in) from operations	2,759,020	(13,387,608)
Income taxes paid	(1,789,053)	(473,469)
Interest paid	(1,329,175)	(1,233,785)
NET USED IN OPERATING ACTIVITIES	(359,208)	(15,094,862)

Condensed Consolidated Statements of Cash Flow

For the six months ended June 30, 2016

	NOTE	Six months ended June 30,	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
INVESTING ACTIVITIES			
Dividends and interest received from investments		1,455,780	1,237,877
Proceeds on disposal of property and equipment		161	55,643
Disposal of available-for-sale financial assets, held-to-maturity investments, loans and advances to customers		55,332,145	39,965,316
Capital injection in an associate		(395,499)	(93,800)
Purchases of available-for-sale financial assets, held-to-maturity investments, loans and advances to customers		(62,112,021)	(37,475,374)
Purchases of property and equipment and other intangible assets		(215,670)	(121,727)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(5,935,104)	3,567,935
FINANCING ACTIVITIES			
Capital injection from non-controlling shareholders		3,751	6,450
Proceeds from A shares issued		–	10,030,000
Net proceeds from bonds and short-term financing bills payables issued		5,457,234	16,663,182
Net proceeds repayment for borrowings		(247,801)	(2,478)
Dividends paid to shareholders		(1,855,143)	(793,117)
Transaction costs paid on issue of A shares		–	(242,526)
Interest of bonds and short-term financing bills payables paid		(1,096,925)	(178,464)
Interest of borrowings paid		(11,296)	(9,223)
NET CASH FROM FINANCING ACTIVITIES		2,249,820	25,473,824

Condensed Consolidated Statements of Cash Flow

For the six months ended June 30, 2016

	NOTE	Six months ended June 30,	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,044,492)	13,946,897
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	29	17,884,704	6,701,562
Effect of foreign exchange rate changes		55,260	(6,956)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29	13,895,472	20,641,503

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

1. GENERAL INFORMATION

東方證券股份有限公司, formerly known as the Orient Securities Limited Liability Company (東方證券有限責任公司), a limited liability company was established on December 10, 1997. On October 8, 2003, upon approval from the China Securities Regulatory Commission (“CSRC”) and the Shanghai Municipal Government, Orient Securities Limited Liability Company was converted into a joint stock limited liability company, and was renamed as東方證券股份有限公司. On March 23, 2015, the Company became listed on the Shanghai Stock Exchange with the stock code of 600958. On July 8, 2016, the Company became listed on The Stock Exchange of Hong Kong Limited with the stock code of 03958.

The registered office of the Company is located at 22F, 23F and 25-29F, Building 2, No. 318, South Zhongshan Road, Shanghai, the People’s Republic of China (“PRC”).

The Company and its subsidiaries (the “Group”) are principally engaged in securities and futures brokerage, margin financing and securities lending, securities investment advisory, securities proprietary trading, asset management, agency sale of financial products, security underwriting and sponsorship, and other business activities approved by the CSRC.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated financial statements of the Group should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2015.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Application of amendments to International Financial Reporting Standards (“IFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB, which are applicable for the Group’s financial year beginning on January 1, 2016.

Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 1	Disclosure initiative
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Except for the new amendments to IFRSs mentioned above, the significant accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2015.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The key sources of estimation uncertainty used in the condensed consolidated financial statements for the six months ended June 30, 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2015.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

4. COMMISSION AND FEE INCOME

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Commission on securities dealing, broking and handling fee income	939,247	2,213,246
Underwriting, sponsors and financial advisory fee income	703,787	504,431
Commission on futures and options contracts dealing, broking and handling fee income	108,412	98,144
Asset management fee income	415,555	836,940
Consultancy fee income	102,989	39,136
	2,269,990	3,691,897

5. INTEREST INCOME

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Advances to customers and securities lending	441,025	784,724
Financial assets held under resale agreements	1,101,932	752,800
Deposits with exchanges and non-bank financial institutions and bank balances	547,685	415,799
Others	112,013	32,965
	2,202,655	1,986,288

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

6. NET INVESTMENT GAINS

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Net realised gains from disposal of available-for sale financial assets	622,971	2,729,812
Dividend income and interest income from available-for-sale financial assets	1,270,832	1,054,361
Net realised (losses)/gains from disposal of financial assets at fair value through profit or loss	(977,562)	2,627,583
Dividend income and interest income from financial assets at fair value through profit or loss	633,341	749,084
Net realised (losses)/gains arising from financial liabilities at fair value through profit or loss	(7,182)	2,237
Interest income from held-to-maturity financial assets	24,404	33,515
Net gains arising from loan and receivable investments and others	15,977	11,643
Net gains/ (losses) arising from derivative financial instruments	1,046	(230,765)
Unrealised fair value change of financial assets at fair value through profit or loss	(482,949)	501,001
Unrealised fair value change of financial liabilities at fair value through profit or loss	(540,054)	(22,193)
Unrealised fair value change of derivative financial instruments	441,436	100,699
	1,002,260	7,556,977

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

7. OTHER INCOME, GAINS AND LOSSES

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Foreign exchange gains	43,659	2,289
Rental income	13,560	5,764
Government grants	215,815	80,800
(Losses)/gains on disposals of property and equipment	(611)	15,402
Others	2,120	9,253
	274,543	113,508

8. DEPRECIATION AND AMORTIZATION

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Depreciation of property and equipment	62,012	55,142
Amortization of other intangible assets	22,350	18,930
	84,362	74,072

9. STAFF COSTS

Staff costs mainly include salaries, bonus and allowances amounting to RMB677 million (unaudited) and RMB1,979 million (unaudited) for the period ended June 30, 2016 and 2015 respectively.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

10. INTEREST EXPENSES

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Interest on liabilities wholly repayable within five years:		
Accounts payable to brokerage clients	48,671	47,526
Financial assets sold under repurchase agreements	876,448	1,067,871
Borrowings	11,127	6,672
Due to banks and other financial institutions	100,071	179,763
Short-term financing bills payables	98,144	29,024
Bonds payables	1,392,092	653,298
Others	37,727	5,315
	2,564,280	1,989,469

11. OTHER OPERATING EXPENSES

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Advisory expenses	33,523	44,531
Auditor's remuneration	3,485	2,653
Business travel expenses	36,418	30,853
Communication expenses	25,892	35,982
Electronic equipment operating expenses	38,136	38,773
Entertainment expenses	28,142	24,225
Administrative expenses	76,791	78,475
Operating lease rentals in respect of rented premises	118,914	101,082
Products distribution expenses	71,569	179,358
Securities and futures investor protection funds	16,175	63,862
Stock exchange management fees	16,258	10,541
Sundry expenses	16,079	21,342
Business tax and surcharges	158,367	550,669
Donation	2	10,000
Others	576	3,889
	640,327	1,196,235

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

12. INCOME TAX EXPENSE

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax	355,724	1,550,330
Hong Kong Profits Tax	2,232	–
	357,956	1,550,330
Adjustments in respect of current income tax in relation to prior years:		
PRC Enterprise Income Tax	(64,100)	(15,958)
Deferred tax	(89,629)	233,598
	204,227	1,767,970

Under the Enterprise Income Tax of the PRC (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the Company and the Group’s PRC subsidiaries is 25%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

12. INCOME TAX EXPENSE (Continued)

The income tax expense for the period can be reconciled to the profit before income tax as follows:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Profit before income tax	1,560,604	7,700,561
Tax at the statutory tax rate of 25%	390,151	1,925,140
Tax effect of share of results of associates	(33,193)	(40,337)
Adjustments for prior years	(64,100)	(15,958)
Tax effect of expenses not deductible for tax purpose	5,365	49,757
Tax effect of income not taxable for tax purpose	(104,704)	(167,979)
Tax effect of tax losses not recognized	20,360	28,698
Utilisation of tax losses previously not recognized	(8,502)	(1,501)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,150)	(9,850)
Income tax expense for the period	204,227	1,767,970

13. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to shareholders of the Company is as follows:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	1,283,432	5,877,606
Number of shares:		
Weighted average number of ordinary shares in issue (in thousand)	5,281,743	4,781,743
Basic earnings per share (RMB Yuan)	0.24	1.23

For the six months ended June 30, 2016 and 2015, there were no potential ordinary shares in issue.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

14. PROPERTY AND EQUIPMENT

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Unaudited							
COST							
As at January 1, 2016	322,276	516,047	30,010	76,355	281,616	1,220,136	2,446,440
Additions	-	22,640	1,823	2,614	16,262	144,495	187,834
Disposals	-	(11,185)	(752)	(1,116)	(12,281)	-	(25,334)
Transfer during the period	-	22,195	-	1,806	1,655	(25,656)	-
Exchange difference	-	163	-	13	89	-	265
As at June 30, 2016	322,276	549,860	31,081	79,672	287,341	1,338,975	2,609,205
ACCUMULATED DEPRECIATION							
As at January 1, 2016	51,693	398,611	20,332	50,537	207,112	-	728,285
Charge for the period	5,205	25,721	1,468	4,671	24,947	-	62,012
Eliminated on disposals	-	(10,779)	(730)	(793)	(12,260)	-	(24,562)
Exchange difference	-	90	-	11	88	-	189
As at June 30, 2016	56,898	413,643	21,070	54,426	219,887	-	765,924
CARRYING VALUES							
As at June 30, 2016	265,378	136,217	10,011	25,246	67,454	1,338,975	1,843,281

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

14. PROPERTY AND EQUIPMENT (Continued)

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Audited							
COST							
As at January 1, 2015	358,134	462,952	28,950	72,357	248,156	1,004,120	2,174,669
Additions	-	51,982	2,563	3,579	33,813	258,115	350,052
Disposals	(35,858)	(13,534)	(2,159)	(1,541)	(353)	(25,249)	(78,694)
Transfer during the year	-	14,271	656	1,923	-	(16,850)	-
Exchange difference	-	376	-	37	-	-	413
As at December 31, 2015	322,276	516,047	30,010	76,355	281,616	1,220,136	2,446,440
ACCUMULATED DEPRECIATION							
As at January 1, 2015	44,566	367,706	19,452	41,490	164,588	-	637,802
Charge for the year	11,017	43,708	2,831	10,287	42,524	-	110,367
Eliminated on disposals	(3,890)	(13,010)	(1,951)	(1,270)	-	-	(20,121)
Exchange difference	-	207	-	30	-	-	237
As at December 31, 2015	51,693	398,611	20,332	50,537	207,112	-	728,285
CARRYING VALUES							
As at December 31, 2015	270,583	117,436	9,678	25,818	74,504	1,220,136	1,718,155

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

15. GOODWILL

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Cost and carrying value		
Unit A – securities brokerage branches	18,948	18,948
Unit B – Shanghai Orient Securities Futures Co., Ltd	13,187	13,187
	32,135	32,135

16. INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

The Group has consolidated certain structured entities including asset management products. For the asset management products where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the asset management products that is of such significance that it indicates that the Group is a principal.

The financial impact of these asset management products on the Group's financial position as at June 30, 2016 and December 31, 2015, and the results and cash flows for the six months ended June 30, 2016 and 2015, though consolidated, are not significant and therefore are not disclosed separately.

Interests in all consolidated asset management products held by the Group amounted to fair value of RMB5,824 million (unaudited) and RMB5,380 million (audited) at June 30, 2016 and December 31, 2015, respectively. It contains the interests in the subordinated tranche of those structured products held by the Group. The Group provides credit enhancement to the priority tranche investors by holding such subordinated tranche interests. As at June 30, 2016 and December 31, 2015, the fair value of the Group's interests in the subordinated tranche of those structured products are RMB172 million (unaudited) and RMB413 million (audited), respectively.

Interests held by other interest holders are presented as change in net investment gains in the condensed consolidated statement of profit or loss and included in financial liabilities designated at fair value through profit or loss in the condensed consolidated statement of financial position.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

17. INVESTMENTS IN ASSOCIATES

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Cost of unlisted investments in associates	1,175,676	780,177
Share of post-acquisition profits and other comprehensive income, net of dividends received	1,219,829	1,128,349
	2,395,505	1,908,526

At the end of reporting period, the Group has the following associates:

Name of associates	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at June 30, 2016 (unaudited)	As at December 31, 2015 (audited)	
匯添富基金管理股份有限公司 China Universal Asset Management Company Limited ("China Universal")	PRC February 3, 2005	39.96%	39.96%	Fund management
上海誠毅投資管理有限公司 Shanghai ICY Capital Co., Ltd.	PRC April 7, 2010	45.00%	45.00%	Equity investment
上海誠毅新能源創業投資有限公司 Shanghai ICY New Energy Venture Capital Investment Co., Ltd. *	PRC July 12, 2011	27.73%	27.73%	Investment management
上海騰希投資合夥企業(有限合夥) Shanghai Tengxi Investment LLP. *	PRC May 6, 2014	22.50%	22.50%	Investment management
上海朱雀甲午投資中心(有限公司) Shanghai Zhuque Jiawu Investment Center Co., Ltd. *	PRC January 17, 2015	23.12%	23.12%	Investment management

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

17. INVESTMENTS IN ASSOCIATES (Continued)

Name of associates	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at June 30, 2016 (unaudited)	As at December 31, 2015 (audited)	
北京東方智雲股權投資中心(有限合夥) Beijing Oriental Zhiyun Equity Investment Center LLP.*	PRC August 20, 2015	42.19%	42.19%	Equity investment
東方嘉實(上海)投資管理合夥企業(有限合夥) Oriental Jiashi (Shanghai) Investment management LLP.*	PRC April 15, 2015	25.64%	25.64%	Investment management
上海東證遠譽投資中心(有限合夥) Shanghai Oriental Yuanyu Investment Center LLP.*	PRC August 25, 2015	33.33%	33.33%	Investment management
上海東證今緣股權投資基金合夥企業(有限合夥) Shanghai Oriental Jinyuan Equity Investment LLP.*	PRC October 16, 2015	30.00%	30.00%	Equity investment
東證騰駿(上海)投資合夥企業(有限合夥) Oriental Tengjun (Shanghai) Investment LLP.*	PRC November 23, 2015	48.90%	48.90%	Investment management
上海君煜投資中心(有限合夥) Shanghai Junyu Investment Center LLP.*	PRC December 16, 2015	45.95%	45.95%	Investment management
海寧春秋投資合夥企業(有限合夥) Haining Chunqiu Investment LLP.*	PRC February 2, 2016	35.00%	–	Equity investment
上海東證睿苒投資中心(有限合夥) Shanghai Oriental Ruipeng Investment Center LLP.*	PRC December 3, 2015	48.39%	–	Investment management

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

17. INVESTMENTS IN ASSOCIATES (Continued)

Name of associates	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at June 30, 2016 (unaudited)	As at December 31, 2015 (audited)	
上海東證春醫投資中心(有限合夥) Shanghai Oriental Chunyi Investment Center LLP.*	PRC November 3, 2015	49.26%		– Investment management
東證睿波(上海)投資中心(有限合夥) Oriental Ruibo (Shanghai) Investment Center LLP.*	PRC June 24, 2016	35.69%		– Investment management

* English translated names are for identification purpose only.

The summarized financial information of China Universal prepared in accordance with IFRS, which is an individually significant associate to the Group that is accounted for using equity method, is set out below:

China Universal

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Total assets	5,787,410	5,521,578
Total liabilities	2,549,558	2,546,931
Net assets	3,237,852	2,974,647

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

17. INVESTMENTS IN ASSOCIATES (Continued)

China Universal (Continued)

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Total revenue	1,256,831	1,428,464
Profit for the period	328,995	343,267
Other comprehensive income/ (expense)	2,294	(970)
Total comprehensive income	331,289	342,297

Reconciliation of the above financial information to the carrying amount of the interest in above associate recognised in the financial statements:

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Equity attributable to equity holders of the associate	3,237,852	2,974,647
Proportion of equity interests held by the Group	39.96%	39.96%
Carrying amount	1,293,846	1,188,669

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

18. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group served as the investment manager of structured entities (including collective asset management schemes and investment funds), therefore had power over them during the periods. Except for the structured entities the Group has consolidated as disclosed in Note 16, in the opinion of the directors of the Company, the variable returns the Group exposed to over these collective asset management schemes and investment funds in which the Group has interests are not significant. The Group therefore did not consolidate these structured entities.

The total assets of unconsolidated asset management plans managed by the Group amounted to RMB112,416 million (unaudited) and RMB90,306 million (audited) as at June 30, 2016 and December 31, 2015, respectively. The Group classified the investments in unconsolidated funds and asset management products as available-for-sale financial investments and financial assets at fair value through profit or loss as appropriate. As at June 30, 2016 and December 31, 2015, the carrying amounts of the Group's interests in unconsolidated management plans are RMB426 million (unaudited) and RMB221 million (audited), respectively, which approximates the maximum risk exposure of the Group, and the assets management fee income for the six months ended June 30, 2016 and 2015, are RMB416 million (unaudited) and RMB837 million (unaudited), respectively.

19. OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current		
Loans and advances to customers	356,787	–
Less: allowance for doubtful debts	(1,784)	–
	355,003	–
The movements in the allowance for doubtful debts are set out below:		
At beginning of the year	–	–
Charge for during the period/year	1,784	–
At end of the period/year	1,784	–

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

19. OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Current		
Other accounts receivable	141,015	173,571
Interest receivable	1,553,128	1,535,389
Dividends receivable	–	1,729
Loans and advances to customers	2,167,795	2,562,871
Prepayments	104,709	107,809
Less: allowance for doubtful debts	(63,038)	(66,176)
	3,903,609	4,315,193
The movements in the allowance for doubtful debts are set out below:		
At beginning of the year	66,176	71,923
Reversal of during the period/year	(3,138)	(5,203)
Amounts written-off	–	(544)
At end of the period/year	63,038	66,176

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current		
Measured at fair value:		
– Equity securities	49,075	384,082
– Funds	54,242	45,454
– Debt securities	610,387	595,371
– Other investments	8,789,183	8,568,460
Measured at cost:		
– Equity securities	1,934,879	1,778,990
Less: provision for impairment losses	(3,002)	(3,002)
	11,434,764	11,369,355
Analysed as		
– Listed outside Hong Kong (<i>Note a</i>)	659,462	979,453
– Unlisted	10,775,302	10,389,902
	11,434,764	11,369,355
Current		
Measured at fair value:		
– Equity securities	4,476,146	5,683,089
– Funds	1,111,095	1,408,901
– Debt securities	40,125,593	33,973,250
– Other investments	9,179,154	7,445,115
Less: provision for impairment losses	(2,990)	(2,990)
	54,888,998	48,507,365
Analysed as		
– Listed outside Hong Kong (<i>Note a</i>)	22,828,312	20,911,106
– Unlisted	32,060,686	27,596,259
	54,888,998	48,507,365

Note a:

Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the “Listed outside Hong Kong” category.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

21. HELD-TO-MATURITY INVESTMENTS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current		
– Debt securities (<i>Note a</i>)	153,010	293,921
Analysed as		
– Listed outside Hong Kong (<i>Note c</i>)	83,010	158,921
– Unlisted (<i>Note d</i>)	70,000	135,000
	153,010	293,921
Current		
– Debt securities (<i>Note b</i>)	71,510	920,078
Analysed as		
– Listed outside Hong Kong (<i>Note c</i>)	51,510	50,000
– Unlisted (<i>Note d</i>)	20,000	870,078
	71,510	920,078

Note a:

The held-to-maturity bond investments bore interest at 5.68% to 7.48% per annum and would not be redeemed within one year.

Note b:

The held-to-maturity bond investments bore interest at 5.68% to 7.48% per annum and would be redeemed within one year.

Note c:

As at June 30, 2016 and December 31, 2015, the listed outside Hong Kong debt securities were listed on Shanghai Stock Exchange.

Note d:

As at June 30, 2016 and December 31, 2015, the unlisted debt securities were traded on inter-bank market.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

22. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current		
Analysed by collateral type:		
Stock	11,204,572	10,209,680
Analysed by market:		
Stock exchange	11,204,572	10,209,680
Current		
Analysed by collateral type:		
Stock	17,673,820	13,930,643
Bond	2,889,642	2,357,892
	20,563,462	16,288,535
Analysed by market:		
Stock exchange	20,413,462	15,623,703
Inter-bank market	150,000	664,832
	20,563,462	16,288,535

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

23. ADVANCES TO CUSTOMERS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Loans to margin clients	9,246,352	13,532,052
Other advances to customers	489,729	709,031
	9,736,081	14,241,083

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

Loans to margin clients which are secured by the underlying pledged securities and cash collateral as disclosed in Note 31 are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call when the customers have to make up the difference.

Advances to customers as at June 30, 2016 and December 31, 2015, were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral with undiscounted market values of approximately RMB38,941 million (unaudited) and RMB48,702 million (audited), respectively.

The directors of the Company are of the opinion that the ageing analysis does not give additional value in view of the nature of the securities margin financing business. As a result, no ageing analysis is disclosed.

The Group evaluates the collectability of the loans to margin clients based on management's assessment on changes in credit quality, collateral and the past collection history of each margin client. As at June 30, 2016 and December 31, 2015, no provision for impairment losses was made on the loans to margin clients of the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

24. ACCOUNTS RECEIVABLE

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Amount receivable from/related to:		
Clearing house	115,702	72,369
Brokers	129,998	89,588
Asset management fee and trading seats commission	269,484	277,617
Advisory and investment banking commission	4,090	65,315
Less: allowance for doubtful debts	(2,415)	(2,488)
	516,859	502,401
Movements in the allowance for doubtful debts are as follows:		
At beginning of the period/year	2,488	660
(Reversal of)/provision for impairment losses	(73)	1,828
At end of the period/year	2,415	2,488
Ageing analysis of accounts receivable from the trade date is as follows:		
– Within three months	498,375	416,842
– Between three months and 1 year	11,505	76,608
– Between 1 and 2 years	6,979	8,951
	516,859	502,401

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Held for trading		
Debt securities	9,574,776	7,617,690
Equity securities	2,119,252	4,495,503
Funds	7,684,944	16,224,832
Other investments	442,658	399,052
Designated at fair value through profit or loss		
Equity securities listed on National Equities Exchange and Quotations	3,429,583	3,133,777
	23,251,213	31,870,854
Analysed as:		
– Listed in Hong Kong	2,684,674	2,068,944
– Listed outside Hong Kong	7,367,730	8,053,597
– Unlisted	13,198,809	21,748,313
	23,251,213	31,870,854

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

26. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Deposits with stock exchanges		
Shanghai Stock Exchange	98,175	100,176
Shenzhen Stock Exchange	60,363	75,722
Hong Kong Exchanges	1,496	1,364
Others	2,147	2,909
Deposits with futures and commodity exchanges		
Shanghai Futures Exchange	500	500
Dalian Commodity Exchange	500	500
Zhengzhou Commodity Exchange	400	400
China Financial Futures Exchange	82,115	52,216
Shanghai Gold Exchange	120	5,271
Guarantee fund paid to Shanghai Stock Exchange	13,938	48,557
Guarantee fund paid to Shenzhen Stock Exchange	23,540	32,743
Deposits with China Securities Finance Corporation Limited	421,077	517,662
Deposits with Shanghai Clearing House	64,954	77,671
Deposits with other financial institutions		
Equity return swap	12,400	43,400
Cross currency swap	113,916	100,920
	895,641	1,060,011

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

27. CLEARING SETTLEMENT FUNDS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Clearing settlement funds held with clearing houses for:		
House accounts	2,923,998	6,612,067
Clients	5,679,218	2,213,337
	8,603,216	8,825,404

28. CASH AND BANK BALANCES

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
House accounts	10,979,474	11,828,582
Cash held on behalf of clients	30,872,924	43,514,925
	41,852,398	55,343,507

Cash and bank balances comprise of cash on hand and demand deposits which bear interest at the prevailing market rates.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Cash and bank balances	10,979,474	11,828,582
Clearing settlement funds	2,923,998	6,612,067
Less: clearing settlement funds of Orient Futures Co., Ltd.	8,000	555,945
	13,895,472	17,884,704

30. BORROWINGS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Current		
Unsecured short-term borrowings (Note a)	128,205	383,780
Secured long-term borrowings due within one year (Note b)	393,162	-
	521,367	383,780
Non-current		
Secured long-term borrowings repayable between one to two years (Note b)	-	385,388

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

30. BORROWINGS (Continued)

Note a:

Short-term bank borrowings are repayable within one year.

As at December 31, 2015, the unsecured bank borrowing, amounting to RMB300 million and bearing the rate of 7.25% is repayable within one year.

As at June 30, 2016, the unsecured bank borrowing, amounting to HKD100 million (approximately RMB85 million) and bearing a floating rate of 3 month HIBOR plus 2.5% per annum is repayable within one year. As at December 31, 2015, such borrowing bears the rate of 3 month HIBOR plus 2.1% per annum.

As at June 30, 2016, the unsecured bank borrowing, amounting to HKD50 million (approximately RMB43 million) and bearing a floating rate of 1 week HIBOR plus 2% per annum is repayable within one year.

Note b:

As at June 30, 2016 and December 31, 2015, the long-term loan of the Group was secured by all participating shares of Orient Sun Rise China Bond Fund Segregated Portfolio, a structured entity of the Group. The carrying amount of such structured entity is RMB431 million (unaudited) and RMB456 million (audited) as at June 30, 2016 and December 31, 2015. The borrowing is denominated in Hong Kong dollar, bearing a floating rate of 3 month HIBOR plus 2.1% per annum.

31. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent 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 stipulated are repayable on demand.

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

Accounts payable to brokerage clients mainly include money held on behalf of clients in the banks and clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at June 30, 2016 and December 31, 2015, included in the Group's accounts payable to brokerage clients were approximately RMB2,356 million (unaudited) and RMB1,247 million (audited), respectively, of margin deposits and cash collateral received from clients for margin financing and securities lending arrangement.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

32. OTHER ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Other account payables		
Payables for underwriting fees and products distribution fees	44,068	99,805
Settlement payables	25,831	46,804
Other payables and accruals		
Business tax and other taxes	(22,181)	292,872
Interest payable	1,646,261	1,497,558
Payables for securities and futures investor protection fund	12,421	23,420
Futures risk reserve	42,076	38,069
Dividends payable	13,500	15,500
Advance receipts	3,904	58,207
Others	269,259	131,746
	2,035,139	2,203,981

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

33. BONDS PAYABLES

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Current		
Corporate bonds (Note a)	12,000,000	3,000,000
Subordinated bonds (Note a)	800,000	800,000
Income certificates (Note b)	4,554,000	–
Offshore bonds (Note a)	1,468,069	981,294
	18,822,069	4,781,294
Non-Current		
Corporate bonds (Note a)	17,999,481	17,999,369
Subordinated bonds (Note a)	11,599,096	11,598,814
Income certificates (Note b)	7,123,577	13,816,477
Offshore bonds (Note a)	3,808,393	3,766,534
	40,530,547	47,181,194

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

33. BONDS PAYABLES (Continued)

Note a:

Name		Issue amount	Value date	Maturity date	Coupon rate
Shenergy Subordinated Bond (1)	RMB	800,000,000	02/07/2013	01/07/2016	6.30%
13 Orient Subordinated Bond (2)	RMB	3,600,000,000	15/11/2013	15/11/2017	6.70%
14 Corporate Bond (3)	RMB	6,000,000,000	26/08/2014	26/08/2019	6.00%
14 Orient Subordinated Bond (4)	RMB	1,400,000,000	17/11/2014	17/11/2018	5.50%
14 Offshore RMB Bond (5)	RMB	900,000,000	26/11/2014	26/11/2017	6.50%
15-1 Offshore USD Bond (6)	USD	200,000,000	08/05/2015	08/05/2018	4.20%
15 Orient Subordinated Bond (7)	RMB	6,000,000,000	29/05/2015	29/05/2020	5.60%
15 Orient Future Subordinated Bond (8)	RMB	600,000,000	18/06/2015	17/06/2018	6.82%
15-1 Offshore RMB Bond (9)	RMB	620,000,000	05/08/2015	26/11/2017	6.50%
15-2 Offshore USD Bond (10)	USD	150,000,000	25/08/2015	25/08/2018	4.09%
15 Orient Corporate Bond (11)	RMB	3,000,000,000	10/11/2015	10/11/2016	3.70%
15-2 Offshore RMB Bond (12)	RMB	1,000,000,000	20/11/2015	14/11/2016	4.50%
15 Corporate Bond (13)	RMB	12,000,000,000	26/11/2015	26/11/2020	3.90%
16 Offshore RMB Bond (14)	RMB	500,000,000	15/04/2016	10/04/2017	5.00%
16 Orient Corporate Bond (15)	RMB	9,000,000,000	19/05/2016	19/05/2017	3.40%

- (1) As approved by the CSRC [2013]161, the Company issued a 3-year subordinated bond with par value of RMB800 million to Shenergy (Group) Company limited on July 2, 2013. The bond bears a fixed annual interest rate of 6.30% and the interest is paid annually.
- (2) As approved by the CSRC [2013]1318, the Company issued a 4-year subordinated bond with par value no more than RMB3.6 billion on November 15, 2013. The bond bears a fixed annual interest rate of 6.70% and the interest is paid annually.
- (3) As approved by the CSRC [2014]816, the Company issued a corporate bond with par value of RMB6 billion on August 26, 2014. The bond bears an interest rate of 6.00% with a maturity period of 5 years and the interest is paid annually.
- (4) As approved by the CSRC, the Company issued 14 Orient Subordinated Bond with par value of RMB1.4 billion on November 17, 2014. The bond bears an interest rate of 5.50% with a maturity period of 4 years and the interest is paid annually.
- (5) Orient Hongsheng Limited, the Company's Hong Kong subsidiary, issued a 3-year Offshore RMB Bond with par value of RMB900 million on November 26, 2014. The Company entered into a keepwell deed for bond. The Offshore RMB Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. The bond bears a fixed annual interest rate of 6.50% and the interest is paid semi-annually.
- (6) Orient Zhihui Limited, the Company's Hong Kong subsidiary, issued a 3-year Offshore USD Bond with par value of USD200 million on May 8, 2015. The Company entered into a keepwell deed for bond. The Offshore USD Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. The bond bears a fixed annual interest rate of 4.20% and the interest is paid semi-annually.
- (7) As approved by the CSRC, the Company issued 15 Orient Subordinated Bond with par value of RMB6 billion on May 29, 2015. The bond bears an interest rate of 5.60% with a maturity period of 5 years and the interest is paid annually.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

33. BONDS PAYABLES *(Continued)*

Note a: (Continued)

- (8) Orient Futures Co., Ltd., the Company's subsidiary, issued 15 Orient Future Subordinated Bond with par value of RMB600 million to qualified institutional investors on June 18, 2015. The bond bears an interest rate of 6.82% with a maturity period of 3 years and the interest is paid annually.
- (9) Orient Hongsheng Limited, the Company's Hong Kong subsidiary, issued an Offshore RMB Bond with par value of RMB620 million on August 5, 2015 which is consolidated in the former series of bonds which were issued on November 26, 2014 with amounting to RMB900 million (see above (5)). The Offshore RMB Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. and the Company entered into a keepwell deed. The bond bears a fixed annual interest rate of 6.50% and the interest is paid semi-annually.
- (10) Orient Zihui Limited, the Company's Hong Kong subsidiary, issued a 3-year Offshore USD Bond with par value of USD150 million on August 25, 2015. The Offshore USD Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. and The Company entered into a keepwell deed as well. The bond bears a fixed annual interest rate of 4.09% and the interest is paid semi-annually.
- (11) As approved by the CSRC, the Company issued a corporate bond with par value of RMB3 billion on November 10, 2015. The bond bears an interest rate of 3.70% with a maturity period of 1 year and the interest will be paid annually.
- (12) Orient Zhisheng Limited, the Company's Hong Kong subsidiary, issued an Offshore RMB Bond with par value of RMB1 billion on November 20, 2015. The Offshore RMB Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. and the Company entered into a keepwell deed for it. The bond bears a fixed annual interest rate of 4.50% with a maturity period of 360 days and the interest is paid semi-annually.
- (13) As approved by the CSRC [2015]2406, the Company issued a corporate bond with par value of RMB12 billion on November 26, 2015. The bond bears an interest rate of 3.90% with a maturity period of 5 years and the interest is paid annually.
- (14) Orient Zihui Limited, the Company's Hong Kong subsidiary, issued an Offshore RMB Bond with par value of RMB500 million on April 15, 2016. The Offshore RMB Bond was guaranteed by Orient Finance Holdings (Hong Kong) Co., Ltd. and the Company entered into a keepwell deed for it. The bond bears a fixed annual interest rate of 5.00% with a maturity period of 360 days and the interest is paid semi-annually.
- (15) As approved by the CSRC, the Company issued a corporate bond with par value of RMB9 billion on May 19, 2016. The bond bears an interest rate of 3.4% with a maturity period of 1 year.

Note b:

According to Securities Association of China ("SAC")'s letter on approving the pilot of over the counter income certificate business (SAC [2014]285), the Company was authorized to conduct income certificate business. The amount represents income certificates issued by the Company with maturities of more than one year. The yields of the outstanding income certificates varied from 5.40% to 6.30%.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

34. SHORT-TERM FINANCIAL BILLS PAYABLES

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Unsecured and unguaranteed:		
Short-term financing bills payables (<i>Note a</i>)	5,000,000	6,200,000
Income certificates (<i>Note b</i>)	1,533,822	2,196,061
	6,533,822	8,396,061
Analysed as:		
Inter-bank market	5,000,000	6,200,000
Over the counter	1,533,822	2,196,061
	6,533,822	8,396,061

Note a:

Short-term financing bills payables were unsecured and unguaranteed debt securities issued on the PRC inter-bank market by the Company, repayable within 1 year and bear interest rates ranging from 2.89% to 3.05%, and 2.80% to 3.09%, respectively per annum as at June 30, 2016 and December 31, 2015, respectively.

Note b:

According to Securities Association of China ("SAC")'s letter on approving the pilot of over the counter income certificate business (SAC [2014]285), the Group and the Company has the authorization to conduct income certificate business. The yields of all the outstanding income certificates were ranged from 0.00% to 7.00%, and 2.50% to 7.50% per annum as at June 30, 2016 and December 31, 2015, respectively.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

35. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Financial liabilities designated at fair value through profit or loss		
– Coupon bearing bonds	561,441	225,940
– Gold borrowings	4,225,597	2,234,618
– Interests attributable to other holders of consolidated structured entities	414,426	686,708
	5,201,464	3,147,266

36. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Current		
Analysed by collateral type:		
Bonds	29,751,144	26,366,591
Securities-backed lending repurchase agreement	3,450,000	3,503,500
Advance to customers backed repurchase agreement	3,920,000	6,785,000
Others	300,000	10,000
	37,421,144	36,665,091
Analysed by market:		
Stock exchange	18,847,789	17,704,612
Inter-bank market	10,903,355	8,661,979
Over the counter	7,670,000	10,298,500
	37,421,144	36,665,091

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

36. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS *(Continued)*

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Non-current		
Analysed by collateral type:		
Securities-backed lending repurchase agreement	500,000	3,975,000
Advance to customers backed repurchase agreement	5,320,000	7,240,000
	5,820,000	11,215,000
Analysed by market:		
Over the counter	5,820,000	11,215,000
	5,820,000	11,215,000

37. SHARE CAPITAL

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

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Registered, issued and fully paid ordinary shares of RMB1 each (in thousands):		
Domestic shares	5,281,743	5,281,743

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

38. DIVIDENDS

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Dividends recognised as distribution	1,848,611	792,261

No interim dividend was proposed by the Board of Directors in respect of the interim period for the six months ended June 30, 2016.

Pursuant to the resolution of the general meeting of Shareholders held on May 25, 2016, the Company distributed cash dividends of RMB3.50 for every 10 shares (tax included) based on 5.28 billion shares held amounting to RMB1.85 billion in total for the year ended December 31, 2015.

Pursuant to the resolution of the general meeting of Shareholders held on May 25, 2016, the Company distributed cash dividends of RMB1.00 for every 10 shares (tax included) based on 5.28 billion shares held amounting to RMB0.53 billion in total for the interim period for the six months ended June 30, 2015.

Pursuant to the resolution of the general meeting of Shareholders held on May 25, 2015, the Company distributed cash dividends of RMB1.50 for every 10 shares (tax included) based on 5.28 billion shares held amounting to RMB0.79 billion in total for the year ended December 31, 2014.

39. CAPITAL COMMITMENTS

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Capital expenditure in respect of acquisition of property and equipment: Contracted but not provided for	71,291	63,533

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At June 30, 2016 and December 31, 2015, the Group had total future minimum lease payments under non-cancellable operating leases in respect of rented premises falling due as follows:

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Within one year	159,662	178,668
In the second year	91,880	116,010
In the third year	75,899	82,491
Over three years	81,749	103,163
	409,190	480,332

Operating lease payments represent rentals payable by the Group on its office properties.

The Group as lessor

During the six months ended June 30, 2016 and 2015, the Group did not have material lease commitment as lessor.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

41. RELATED PARTY TRANSACTIONS

(1) Relationship of related party

The Group and major shareholders

Following major shareholders holding more than 5% shares of the Company are considered as related parties of the Group:

	Percentage of shares held	
	As at June 30, 2016 % (unaudited)	As at December 31, 2015 % (audited)
申能(集團)有限公司 Shenergy (Group) Company Limited	30.08	30.08
上海海煙投資管理有限公司 Shanghai Haiyan Investment Management Company Limited	5.60	5.60
上海文匯新民聯合報業(集團)有限公司 Wenhui Xinmin United Press Group	5.03	5.03

The Group and associates

The details of the associates of the Group is set out in Note 17.

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, close family members of such individuals, and entities controlled by these individuals.

(2) Related party transaction and balances

As at June 30, 2016 and December 31, 2015, the Group had the following material balances with major shareholders and entities under their control:

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
Accounts payable to brokerage clients	18,734	70,657
Bonds payable	800,000	800,000

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

41. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

For the six months ended June 30, 2016 and 2015, the Group had the following material transaction with major shareholders and entities under their control:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Commission and fee income	43	925
Interest expenses	25,097	25,071

As at June 30, 2016 and December 31, 2015, the Group had the following material balances with associates:

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
	Accounts payable to brokerage clients	4
Other account payables	–	2,115
Other receivables	118	118

For the six months ended June 30, 2016 and 2015, the Group had the following material transaction with associates:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Commission and fee income	55,906	38,206
Interest expenses	2	–

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

41. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

For the six months ended June 30, 2016 and 2015, the Group had the following material transaction with other related parties:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Bond trading	1,154,765	659,688

(3) Key management personnel

Remuneration for key management personnel of the Group are as follows:

	Six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Short-term benefits:		
Salaries, allowance and bonuses	27,410	39,366
Post-employment benefits:		
Employer's contribution to pension schemes/annuity plans	–	–
	27,410	39,366

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

42. SEGMENT REPORTING

Information reported to the Board of Directors, being the chief operating decision maker (hereinafter refer to as the “CODM”) of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group’s basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offers different products and serves different markets.

Specifically, the Group’s reportable and operating segments are as follows:

- (a) Securities sales and trading, which includes investment gains and investment income earned from trading of stocks, bonds, funds, derivatives and other financial products and fees earned from providing related investment research activities, generating primarily from the “Proprietary trading Business” comprising the Secure Investment Department (excluding the NEEQ Investment Department which was operated under Securities Investment Department before 2016), the Fixed Income Department and the Derivatives Department of the Company;
- (b) Investment management, which primarily includes management and advisory fees earned from providing asset management, fund management and private equity investment management services to clients, as well as investment gains from private equity and alternative investments;
- (c) Brokerage and securities financing, which primarily includes fees and commissions earned from providing brokerage and investment advisory services for the trading of stocks, bonds, funds, and warrants, as well as futures on behalf of the customers, and also interest earned from providing margin financing and securities lending services;
- (d) Investment banking, which primarily includes commissions and fees earned from equity underwriting, debt underwriting and financial advisory services;
- (e) Headquarters and others, includes head office operations and the overseas business of Hong Kong, including interest income earned and expense incurred for general working capital purpose.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the six months ended June 30, 2016 and 2015.

Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management, which are consistent with the accounting and measurement criteria in the preparation of the condensed consolidated financial statements.

Segment profit/loss represents the profit earned by/loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

42. SEGMENT REPORTING *(Continued)*

Segment assets/liabilities are allocated to each segment, excluding deferred tax assets/liabilities. Inter-segment balances eliminations mainly include amount due from/to another segment arising from investing activities' carried out by a segment for another segment.

The segment information provided to the CODM for the six months ended June 30, 2016 and 2015 are as follows:

Operating segment

For the six months ended June 30, 2016

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Unaudited								
Segment revenue and results								
Segment revenue	483,679	640,236	2,844,024	770,248	897,736	5,635,923	(161,018)	5,474,905
Segment other income and gains	60	36,469	18,902	30,484	192,873	278,788	(4,245)	274,543
Segment revenue and other income	483,739	676,705	2,862,926	800,732	1,090,609	5,914,711	(165,263)	5,749,448
Segment expenses	(649,438)	(231,946)	(1,759,820)	(315,787)	(1,426,655)	(4,383,646)	62,032	(4,321,614)
Segment results	(165,699)	444,759	1,103,106	484,945	(336,046)	1,531,065	(103,231)	1,427,834
Share of results of associates	-	132,770	-	-	-	132,770	-	132,770
(Loss)/profit before income tax	(165,699)	577,529	1,103,106	484,945	(336,046)	1,663,835	(103,231)	1,560,604

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

42. SEGMENT REPORTING (Continued)

Operating segment (Continued)

As at June 30, 2016

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Unaudited								
Segment assets and liabilities								
Segment assets	62,173,396	8,490,446	82,961,477	1,206,484	53,966,670	208,798,473	(16,559,801)	192,238,672
Deferred tax assets								295,177
Group's total assets								192,533,849
Segment liabilities	29,739,620	1,246,546	50,090,871	219,427	78,952,321	160,248,785	(1,527,846)	158,720,939
Deferred tax liabilities								375,092
Group's total liabilities								159,096,031

For the six months ended June 30, 2016

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Unaudited								
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortization	2,160	1,296	29,489	2,374	49,043	84,362	-	84,362
(Reversal of)/provision for impairment losses	(369)	(408)	9	(4)	(726)	(1,498)	71	(1,427)

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

42. SEGMENT REPORTING (Continued)

Operating segment (Continued)

For the six months ended June 30, 2015

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Unaudited								
Segment revenue and results								
Segment revenue	7,082,204	1,083,454	4,047,160	581,465	539,600	13,333,883	(98,721)	13,235,162
Segment other income and gains	1,900	6,433	7,360	11,799	88,869	116,361	(2,853)	113,508
Segment revenue and other income	7,084,104	1,089,887	4,054,520	593,264	628,469	13,450,244	(101,574)	13,348,670
Segment expenses	(662,787)	(550,227)	(1,930,113)	(264,774)	(2,475,459)	(5,883,360)	73,902	(5,809,458)
Segment results	6,421,317	539,660	2,124,407	328,490	(1,846,990)	7,566,884	(27,672)	7,539,212
Share of results of associates	-	161,349	-	-	-	161,349	-	161,349
Profit/(loss) before income tax	6,421,317	701,009	2,124,407	328,490	(1,846,990)	7,728,233	(27,672)	7,700,561

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

42. SEGMENT REPORTING (Continued)

Operating segment (Continued)

As at December 31, 2015

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Audited								
Segment assets and liabilities								
Segment assets	60,627,007	8,311,420	92,424,592	1,140,117	59,130,653	221,633,789	(14,053,675)	207,580,114
Deferred tax assets								317,448
Group's total assets								207,897,562
Segment liabilities	28,467,572	1,644,355	71,819,604	291,394	74,096,467	176,319,392	(4,774,181)	171,545,211
Deferred tax liabilities								976,606
Group's total liabilities								172,521,817

For the six months ended June 30, 2015

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Unaudited								
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortization	1,079	314	27,342	2,531	42,806	74,072	-	74,072
(Reversal of)/provision for impairment losses	(194)	1,549	1	(16)	3,506	4,846	(1,729)	3,117

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue are substantially derived from its operations in the PRC.

The Group has no single customer which contributes to 10 percent or more of the Group's revenue for the six months ended June 30, 2016 and the year ended December 31, 2015.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of the financial assets and financial liabilities that are not measured on a recurring basis

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is determined by the active market quotation or estimated using discounted cash flow method.

The main parameters used in valuation techniques for financial instruments held by the Group that are not measured on a recurring basis include interest rates, foreign exchange rates, early repayment rates and counterparty credit spreads, which are all observable and obtainable from open market.

The table below summarises the carrying amounts and expected fair values with obvious variances of those financial assets and liabilities not presented on the Group's condensed consolidated statement of financial position at their fair values.

	As at June 30, 2016		As at December 31, 2015	
	Carrying amount RMB'000 (unaudited)	Fair value RMB'000 (unaudited)	Carrying amount RMB'000 (audited)	Fair value RMB'000 (audited)
Financial assets				
Held-to-maturity financial assets	224,520	255,276	1,213,999	1,233,296
Financial liabilities				
Bonds payable				
Corporate bonds	29,999,481	30,357,674	20,999,369	21,150,753
Subordinated bonds	12,399,096	12,396,913	12,398,814	12,395,608
Income certificates	11,677,577	11,674,010	13,816,477	13,812,247
Offshore bonds	5,276,462	5,302,837	4,747,828	4,790,757
Total	59,352,616	59,731,434	51,962,488	52,149,365

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's condensed consolidated statements of financial position approximate their fair values.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of the period. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:

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

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following tables give information about how the fair values of these financial assets and financial liabilities are determined including their fair value hierarchy, valuation technique(s) and key input(s) use.

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Relationship valuation technique(s) and key input(s)	Significant unobservable input(s)	Of unobservable input to fair value
	June 30, 2016 (unaudited)	December 31, 2015 (audited)				
1) Available-for-sale financial assets						
Debt securities						
– Traded on stock exchanges	17,894,406	15,293,588	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on inter-bank market	22,841,574	19,275,033	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
Equity securities						
– Traded on stock exchanges	3,902,224	5,281,031	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on stock exchanges (inactive)	573,922	402,058	Level 2	Recent transaction prices.	N/A	N/A
– Restricted shares	49,075	384,082	Level 3	Discounted cash flow. The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability.	Discounted for lack of marketability.	The higher the discount, the lower the fair value.
Funds						
– Traded on stock exchanges	1,068,147	529,800	Level 1	Quoted bid price in an active market.	N/A	N/A
– Other funds	97,190	924,555	Level 2	Based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
Other investments						
– Collective assets management schemes issued by financial institutions	17,965,347	16,010,585	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable(quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
	64,391,885	58,100,732				

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Relationship valuation technique(s) and key input(s)	Significant unobservable input(s)	Of unobservable input to fair value
	June 30, 2016 (unaudited)	December 31, 2015 (audited)				
2) Financial assets at FVTPL						
Debt securities						
– Traded on stock exchanges	4,251,440	2,297,226	Level 1	Quoted bid price in an active market.	N/A	N/A
– Trade on inter-bank market	5,323,336	5,320,464	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
Equity securities						
– Traded on stock exchanges	2,119,252	4,495,503	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on stock exchanges (inactive)	3,429,583	3,133,777	Level 2	Recent transaction prices.	N/A	N/A
Funds						
– Traded on stock exchanges	252,129	196,035	Level 1	Quoted bid price in an active market.	N/A	N/A
– Other funds	7,432,815	16,028,797	Level 2	Based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
Other investments						
– Collective assets management schemes issued by financial institutions	442,658	399,052	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable(quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
	23,251,213	31,870,854				

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Relationship valuation technique(s) and key input(s)	Significant unobservable input(s)	Of unobservable input to fair value
	June 30, 2016 (unaudited)	December 31, 2015 (audited)				
3) Financial liabilities at FVTPL						
Debt securities						
– Trade on inter-bank market	561,441	225,940	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
Gold borrowing	4,225,597	2,234,618	Level 1	Quoted bid price in an active market.	N/A	N/A
Interests attributable to other holders of consolidated structured entities	414,426	686,708	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable(quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
	5,201,464	3,147,266				
4) Derivative financial instrument						
Interest rate swaps-assets	46,105	56,474	Level 2	Discounted cash flows. Future cash flows are estimated based in forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Stock index futures-assets	–	1,413	Level 1	Quoted bid price in an active market.	N/A	N/A
Stock index futures-liabilities	(846)	–	Level 1	Quoted bid price in an active market.	N/A	N/A
Equity return swaps-assets	5,528	14,661	Level 2	Calculated based on the difference between the equity return of underlying equity securities based on quoted prices from stock exchanges in the PRC and the fixed income agreed in the swap agreements between the company and the counterparty.	N/A	N/A

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Relationship valuation technique(s) and key input(s)	Significant unobservable input(s)	Of unobservable input to fair value
	June 30, 2016 (unaudited)	December 31, 2015 (audited)				
4) Derivative financial instrument (Continued)						
Stock options-assets	-	1,981	Level 2	Calculated based on option pricing model, in consideration of contract term, the volatility, the discount rate, and quoted value of underlying assets.	N/A	N/A
Stock options-liabilities	(2,561)	-	Level 2	Calculated based on option pricing model, in consideration of contract term, the volatility, the discount rate, and quoted value of underlying assets.	N/A	N/A
Over the counter options - liabilities	(221)	-	Level 2	Calculated based on option pricing model, in consideration of contract term, the volatility, the discount rate, and quoted value of underlying assets.	N/A	N/A
Embedded option instruments - liabilities	(194)	(153)	Level 2	The fair value was determined with reference to the market or recent transaction prices of underlying assets.	N/A	N/A
Gold swaps-assets	379,037	-	Level 1	Quoted bid prices in an active market.	N/A	N/A
Gold swaps-liabilities	-	(112,272)	Level 1	Quoted bid prices in an active market.	N/A	N/A
Currency swaps-assets	13,679	2,833	Level 2	Discounted cash flows. Future cash flows are estimated based on spot exchange rates from observable spot exchange rates at the end of the reporting period) and spot exchange rates.	N/A	N/A
Currency swaps-liabilities	(124,576)	(69,055)	Level 2	Discounted cash flows. Future cash flows are estimated based on spot exchange rates from observable spot exchange rates at the end of the reporting period) and spot exchange rates.	N/A	N/A
	315,951	(104,118)				

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

As at June 30, 2016 (unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets:				
Available-for-sale financial assets				
– Debt securities	17,894,406	22,841,574	–	40,735,980
– Equity investments	3,902,224	573,922	49,075	4,525,221
– Funds	1,068,147	97,190	–	1,165,337
– Others	–	17,965,347	–	17,965,347
Financial assets at FVTPL				
– Debt securities	4,251,440	5,323,336	–	9,574,776
– Equity investments	2,119,252	3,429,583	–	5,548,835
– Funds	252,129	7,432,815	–	7,684,944
– Others	–	442,658	–	442,658
Derivative financial assets	379,037	65,312	–	444,349
Total	29,866,635	58,171,737	49,075	88,087,447
Financial liabilities:				
Financial liabilities at FVTPL	4,225,597	975,867	–	5,201,464
Derivative financial liabilities	846	127,552	–	128,398
Total	4,226,443	1,103,419	–	5,329,862

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

As at December 31, 2015 (audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets:				
Available-for-sale financial assets				
– Debt securities	15,293,588	19,275,033	–	34,568,621
– Equity investments	5,281,031	402,058	384,082	6,067,171
– Funds	529,800	924,555	–	1,454,355
– Others	–	16,010,585	–	16,010,585
Financial assets at FVTPL				
– Debt securities	2,297,226	5,320,464	–	7,617,690
– Equity investments	4,495,503	3,133,777	–	7,629,280
– Funds	196,035	16,028,797	–	16,224,832
– Others	–	399,052	–	399,052
Derivative financial assets	1,413	75,949	–	77,362
Total	28,094,596	61,570,270	384,082	90,048,948
Financial liabilities:				
Financial liabilities at FVTPL				
Derivative financial liabilities	112,272	69,208	–	181,480
Total	2,346,890	981,856	–	3,328,746

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2016

43. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

	As at June 30, 2016 RMB'000 (unaudited)	As at December 31, 2015 RMB'000 (audited)
At the beginning of the period/year	384,082	255,301
Changes in fair value recognized in other comprehensive income	2,813	19,311
Purchases	–	364,528
Transfers out of level 3	(337,820)	(255,058)
At the end of the period/year	49,075	384,082

44. SUBSEQUENT EVENT

As at July 8, 2016, as approved by the CSRC [2016]1026 and The Stock Exchange of Hong Kong Limited, the Company listed on H-share market and issued a total of 957,000,000 H-shares, of which 870,000,000 shares was issued to the public and 87,000,000 shares was transferred from A-shares held by the state-owned shareholders. After issuing the H-shares and the reduction of state-owned shares, the Company's share capital increased to 6,151,742,921 shares, including 5,194,742,921 RMB-denominated ordinary shares, 870,000,000 public offering H-shares, and 87,000,000 H-shares transferred from A-shares held by the state-owned shareholders.

Based on the capital market situation, the Joint Global Coordinators as defined in the Prospectus of the Company dated June 22, 2016, exercised their over-allotment option, requiring additional distribution of the Company. As at August 3, 2016, the Company issued 63,709,090 placing H-shares and transferred 6,370,910 shares from A-shares held by the state-owned shareholders.